

Johnny Chung: His Unusual Access to the White House and His Political Donations

Overview

In an interview with the Los Angeles Times in July 1997, California entrepreneur Johnny Chien Chuen Chung captured the essence of the campaign fundraising scandal when he observed: *"I see the White House is like a subway – you have to put in coins to open the gates."*¹ Johnny Chung was a frequent passenger on this subway.

Between 1994 and 1996, Chung visited the White House 49 times.² His visits to the White House coincided with a large volume of donations to the Democratic National Committee. In total, Chung contributed over \$366,000 over the same time period.³

In the course of its investigation, the Committee has learned that Chung frequently sought access to senior Clinton Administration officials on behalf of high-level Chinese business associates, often with specific objectives. On almost every occasion, those meetings were facilitated by senior DNC officials, and often coincided with large political contributions.

The Committee has also learned that much of the money contributed by Chung originated overseas. Despite clear indications that some officials at the DNC were concerned about the origins of Chung's money as early as February 1995, DNC officials continued to solicit and accept contributions from him for another year-and-a-half. In late February 1997, a full two years after DNC Finance Director Richard Sullivan first raised concerns about Chung, the DNC announced its intention to return all of his contributions.⁴

On March 16, 1998, Johnny Chung pled guilty to multiple campaign-related charges, including making conduit contributions to Clinton/Gore '96 and the campaign of Senator John F. Kerry (D-Mass.), and tax evasion.⁵

¹ Rempel, William, and Alan Miller, "First Lady's Aide Solicited Check to DNC, Donor Says," *The Los Angeles Times*, July 27, 1997.

² White House WAVES Records.

³ FEC Internet Records - tray.com/fecinfo/.

⁴ Lafraniere, Sharon and Lena Sun, "DNC Returns Another \$1.5 Million," *The Washington Post*, March 1, 1997.

⁵ Associated Press, "Fund-raiser Chung Pleads Guilty," *The Washington Post*, March 17, 1998.

Shortly thereafter, The New York Times reported that Chung told Justice Department investigators that \$80,000 that he donated to the DNC in 1996 was given to him by a Lieutenant Colonel in China's People's Liberation Army.⁶ According to the Times account, the money came from Liu Chao-Ying, a senior aerospace industry executive and the daughter of retired PLA General Liu Huaqing.⁷

Background

Johnny Chung was born in Taiwan in 1954 and moved to Costa Rica at the age of 12 with his Presbyterian missionary parents.⁸ He returned to Taiwan to attend college, where he earned a degree in American literature from Fu-Jen Catholic University.⁹ He then immigrated to the United States, and later became a citizen in 1988.¹⁰

Chung also attended the University of California, Los Angeles, where he took graduate courses in electrical engineering.¹¹ He started Iris Data Computer, Inc. in 1979 and Telform Inc. in 1992.¹² Telform Inc. later evolved into Automated Intelligent Systems, Inc. (AIS), in January 1993. The company brochure states:

Automated Intelligent Systems, Inc. provides its clients with state-of-the-art communications services. The company, originally known as Telform Inc. in 1992, was formed to develop AIS's current fax broadcast system. Recognizing the challenges of rapid technological growth, Chairman and C.E.O., Mr. Johnny Chung spent 8 years in designing and developing an advance technology that brings a new dimension to the world of faxing. Today, it is a fast growing company with its corporate office in Torrance, California and our branch offices in Washington, D.C., Hong Kong and China.¹³

⁶ Gerth, David, David Johnston and Don Van Natta, "Democrat Fund-Raiser Said to Detail China Tie," *The New York Times*, May 15, 1998.

⁷ Id.

⁸ Rackham, Anne, "Chung can send fax to thousands at same time-but who wants to listen?" *Los Angeles Business Journal*, Week of March 28-April 3, 1994, DNC 3233807-808.

⁹ Id; DNC 3363002.

¹⁰ Rackham, Anne, "Chung can spend fax to thousands at same time-but who wants to listen?" *Los Angeles Business Journal*, Week of March 28-April 3, 1994, DNC 3233807-808

¹¹ DNC 3363002.

¹² Id.

¹³ AISI Brochure, DNC 3233800-817 at 3233809.

According to the Los Angeles Business Journal, Chung first appears to have approached the Clintons in the fall of 1992:

[W]hile watching a debate between George Bush and Bill Clinton on television, it came to him - political candidates and governments send out more faxes than private companies. . . . Chung called Clinton's mansion and offices in Arkansas non-stop and finally he flew to Little Rock, where he said he banged on the door of the then-governor's home. He was fortunate enough to meet Hillary Rodham Clinton and hand her some information.¹⁴

The story goes on to relate that Chung received a letter from Mrs. Clinton in April 1993, following the election. The letter states:

Thank you for your letter and my apologies for not getting back to you sooner. It appears from the correspondence you have had with federal and state officials, and with the private sector, that you are already on the right track. Nevertheless, I wish you good luck with your innovative system.¹⁵

Chung apparently used this letter from the First Lady to approach Governor Pete Wilson's office in Sacramento. The governor's office became Chung's first client.¹⁶ The article further discusses Chung's plans to branch out into government document services, and Chung's discussions with the Centers for Disease Control in Atlanta to discuss taking over the faxing of health-hazard updates to travel agents, communicable disease reports to health-care providers, and HIV newsletters to various agencies.

According to his company brochure which Chung sent to the DNC in the spring of 1995, the "Government Division" of AISI served 48 state government offices and federal agencies. Chung also claims to have expanded his services into the Fortune 500 companies.¹⁷

¹⁴Rackham, Anne, "Chung can send fax to thousands at same time-but who wants to listen?" *Los Angeles Business Journal*, Week of March 28-April 3, 1994, DNC 3233807-808.

¹⁵AISI brochure, DNC 3233803 which includes an April 26, 1993 letter to Johnny Chung from Hillary Rodham Clinton, F 0018591. [Note: The Committee has not received from the White House the original letter from Chung to Mrs. Clinton, but this April 26, 1993 letter appears to be the first White House contact with Chung on record.]

¹⁶Rackham, Anne, "Chung can send fax to thousands at same time-but who wants to listen?" *Los Angeles Business Journal*, Week of March 28-April 3, 1994, DNC 3233807-808.

¹⁷DNC 3233809

Chung's Early Contacts at the White House and the DNC

The White House's "Workers and Visitors Entry System" (WAVES) records indicate that Chung's first visit to the White House was on February 2, 1994.¹⁸ According to the WAVES records, Chung met with Brian Foucart, who was at that time working in the White House administrative offices under David Watkins.¹⁹ Chung's next recorded visit is on July 22, 1994.²⁰

It appears that Chung's initial interest in the White House was as a potential client for AISI. In documents produced by the White House, it appears that the White House was comparing AISI with other companies to contract with for fax broadcast services.²¹ These documents also make it clear that Chung's entreaties were being heard at the highest levels, including the First Lady and Deputy Chief of Staff Harold Ickes. Included in these White House documents is a page with handwritten notes that appears to set forth details about AISI, including names of employees.²² It also contains the following notation: "First Lady - if we don't use Johnny Chung, we're in trouble."²³

On March 21, 1995, White House aide Brian Bailey prepared a memorandum for Erskine Bowles regarding "fax issues."²⁴ The memo states: "If we are going to use AISI, we need to do so at the DNC. Using this company in the White House would raise legal concerns."²⁵ The memo continues with: "Even if we consider other vendors, we still should avoid housing the operation in the White House."²⁶

A July 17, 1995 memorandum from Deputy White House Chief of Staff Harold Ickes to DNC Executive Director Bobby Watson "strongly urges" the DNC to obtain broadcast fax capability:

"We understand that Johnny Chung's firm has such capability which should be negotiated at a reasonable price. Erskine Bowles has looked into this and it is his understanding that once names and addresses are provided to Mr. Chung's company, as many as 30,000 pages per hour could be faxed at an approximate cost

¹⁸ EOP 008708

¹⁹ Id.

²⁰ EOP 008700

²¹ EOP 070626-634; 070636-637; 070648-662; 070679-680

²² EOP 070635

²³ Id.

²⁴ EOP 070638

²⁵ Id.

²⁶ Id.

of \$0.17 per page.”²⁷

However, months earlier, Chung had already tried to contract with the DNC. On March 6, 1995, Richard Sullivan wrote a memo to “Bobby” [Watson, DNC Executive Director at the time] regarding “AISI Faxcast,” which stated:

Johnny Chung, Torrance, CA, CEO of Automated Intelligent Systems, contributed \$94,000 to the DNC in 1994 and raised an additional \$20,000. Johnny’s company, AISI is a faxcast company with many political clients including Gov. Chiles, Sen. Kennedy and others. Johnny would like to get some of our business. Art Liang, managing director of the company will be in town on Wednesday and Thursday and would like to meet with the appropriate person at the DNC. He has said that he would beat the price of the company we are currently using. Please advise.²⁸

Although Chung failed to win a contract from either the White House or the DNC, he put his contacts to work in other ways to benefit his company. During his numerous visits to the White House, he obtained numerous photos with the First Lady, the President, the Vice President, and various other White House officials. Chung developed a brochure for his company which included all of these pictures.²⁹ Since this brochure was produced by the White House, presumably White House officials were well aware of Chung’s promotional and commercial uses of his relationship with the President and the First Lady.

Chung’s Contributions to the DNC and Additional White House Visits

Chung’s first large contributions to the DNC appear to have resulted from his involvement in the President’s August 2, 1994 birthday party event, which was held at the Sumner Wells estate in Maryland and was chaired by long-time Presidential friend and DNC Managing Trustee Ernie Green.³⁰ Chung is listed as a co-chair (and bringing 10 guests), along with Charlie Trie.³¹ The event reportedly raised \$1.2 million. Approximately 150 people attended the dinner, with an additional 200-250 attending a reception. The reception cost \$1,000 per couple and the dinner cost \$10,000 per couple. FEC records show that Chung donated \$11,000 to the DNC that week.³²

²⁷ EOP 070607.

²⁸ DNC 1096986, March 6, 1995 memo to Bobby Watson from Richard Sullivan.

²⁹ EOP 018020-38

³⁰ DNC 1786472-81.

³¹ Id.

³² FEC Internet Records-www.tray.com/FECinfo/.

Earlier that same day, Chung entered the White House for a visit with a staff person named “Lewis” at the exact same time that John Huang entered the White House for a visit with “Lewis.”³³ After Mr. Chung’s participation in the President’s birthday event, he became a more frequent visitor to the White House. In August 1994 alone, Chung visited the White House six times.³⁴

On December 3, 1994, Chung and his wife attended an intimate DNC luncheon for the First Lady which included 37 guest.³⁵ This event was held by the DNC in California.

By the end of 1994, Chung had contributed in excess of \$90,000 to the DNC. In December of 1994, he made two separate \$40,000 contributions.³⁶

Foreign Funds Paid to Chung and his Political Contributions

Between 1994 and 1996, he contributed \$366,000 to the DNC. Over that same time period, he and his company received wire transfers from outside the country in excess of \$2.4 million. The following table lists foreign wire transfers received by Chung and contributions made by him in chronological order:

1994

<i>Date</i>	<i>Payment Received From</i>	<i>Amount Received</i>	<i>Origin of Transfer</i>	<i>Political Contribution</i>	<i>Recipient of Contribution</i>
7/12/94	[Unknown]	\$100,000	Hong Kong		
8/9/94				\$1,000	DNC
8/9/94				\$10,000	DNC
11/4/94	Yi Chen Liu	\$220,000	California		
12/6/94				\$40,000	DNC
12/22/94				\$40,000	DNC

³³ WAVES at EOP08698

³⁴ Id.

³⁵ F0038495.

³⁶ FEC Internet Records-www.tray.com/FECinfo/.

1995

<i>Date</i>	<i>Payment Received From</i>	<i>Amount Received</i>	<i>Origin of Transfer</i>	<i>Political Contribution</i>	<i>Recipient of Contribution</i>
1/9/95	Yi Chen Liu	\$20,000	New York		
3/17/95				\$50,000	DNC
4/8/95	Yi Chen Liu	\$100,000	California		
4/8/95				\$125,000	DNC
4/21/95	Gold Treasure, Ltd.	\$234,985	Canada/ Bank of China		
7/5/95	Strong Ever Inv., Ltd.	\$99,985	Bank of China NYC/ Hong Kong		
9/14/95	China Nationalities Int'l Trust & Inv.	\$49,985	Bank of China/NYC		
9/21/95				\$20,000	Clinton/Gore '96
10/12/95	Gold Treasure, Ltd.	\$69,984	Hong Kong Bank of Canada		
10/19/95	Brilliance Fin Co Ltd, HK	\$129,985	Bank of China NYC/ Hong Kong		
10/19/95				25,000	Africare

1996

<i>Date</i>	<i>Payment Received From</i>	<i>Amount Received</i>	<i>Origin of Transfer</i>	<i>Political Contribution</i>	<i>Recipient of Contribution</i>
2/1/96	Chan Koon Wai	\$199,985	Hong Kong		
				\$25,000	Back to Business
2/7/96	Sundart Engr Ltd - Beijing	\$19,985	China		
6/3/96	Zhen Fa Int'l Inv	\$101,985	Chase Bank New York		
6/10/96	Johnny Chung (HK)	\$24,980	Standard Chartered Bank Hong Kong		
6/14/96				\$20,000	DNC
6/30/96				\$2,000	John F. Kerry (D-MA)
7/15/96	Johnny Chung (HK)	\$190,000	Standard Chartered Bank Hong Kong		
7/25/96				\$20,000	DNC
7/19/96				\$25,000	DNC
8/19/96	Johnny Chung (HK)	\$19,980	Standard Chartered Bank Hong Kong		
8/15/96	Johnny Chung (HK)	\$79,980	Standard Chartered Bank Hong Kong		
8/23/96	HOMKO Intl Finance (Holdings)	\$99,988	Shanghai Commerce Bank		
8/29/96	Bu Ming Trading	\$99,990	Hong Kong		
9/6/96				\$1,000	Loretta Sanchez (D-CA-46)

9/12/96				\$10,000	John F. Kerry (D-MA)
9/24/96				\$10,000	DNC
9/24/96				\$20,000	DNC
9/24/96				\$5,000	DNC
9/27/96				\$10,000	DSCC
9/30/96	New Silver Eagle Holdings, Ltd.	\$80,000	New York		
10/4/96	Johnny Chung	\$150,000	China		
10/4/96	Johnny Chung	\$170,000	Standard Chartered Bank Hong Kong		

White House/DNC Contacts and Johnny Chung's Business Associates

At some point during the months of late 1994 and early 1995, Chung's political activities took on a new focus. He began to spend less time attempting to line up clients for his blastfax business and more time trying to help business and political leaders from the People's Republic of China make political connections in the United States. Chung began to develop relationships with numerous prominent Chinese figures, the first of which was the Chairman of the Haomen Group - Shi Zeng Chen.

Chung formed several corporations in Los Angeles with his Chinese associates. Documents produced by Chung show that he formed no fewer than eight companies with six prominent Chinese nationals in 1995 and 1996. These individuals include Shi Zeng Chen of the Haomen Beer Company and Liu Chao-Ying of China Aerospace.

Financial records from most of those entities do not indicate significant financial activity typical of an ongoing concern. In fact, these companies appear to have engaged in no business activity whatsoever. Testimony from one of Chung's employees, Irene Wu, indicates that these companies had an entirely different purpose. According to Ms. Wu, they were created not to do business, but rather to help Chung's associates obtain visas to visit the United States. When questioned about the purpose of one of these companies, Wu stated the following:

‘The same purpose like I said earlier, for the three reasons that they form companies. It was Johnny’s way of talking to those people, for them to form a company so it would be easier if they want to come and visit. So it’s all for the same reasons. There was no business conducted in any of those companies at all.’³⁷

During questioning about the company Chung formed with Liu Chao-Ying of China Aerospace, Wu suggested that Chung’s business partners even hoped to obtain permanent residence in the United States through these companies:

“To my knowledge, all of these companies that were set up was because, first of all, it was easier for them to come and visit if they have a company here. They could come and visit. And secondly, eventually, it would be easier for them to get residency here in the United States. That’s my understanding of forming all those companies. And also if there are any business potential.”³⁸

Wu did not have direct knowledge that Liu Chao-Ying or any of Chung’s other overseas associates were actually seeking permanent residency.³⁹ However, she testified that Chung frequently wrote letters of invitation to his Chinese associates to assist them in getting visas to come to the United States:

Q. “Did Johnny Chung ever mention needing to write letters to overseas individuals in order to assist with their acquiring visas?”

A. “Invitation letters. We did a lot of invitation letters.”⁴⁰

Documents produced to the Committee by the U.S. State Department verify that Chung’s associates in China, including Liu Chao-Ying of China Aerospace, did indeed bring these letters to U.S. consulates to acquire visas.⁴¹

³⁷ Deposition of Irene Wu, 7/28/98, pp. 228-29.

³⁸ Id.

³⁹ Id.

⁴⁰ Id., Pg. 214.

⁴¹ DOS 013146, 013140, 013143, 013154.

Shi Zeng Chen and the Haomen Group

Among the earliest instances of Johnny Chung leading overseas businessmen into the White House was Shi Zeng Chen of the Haomen Group Company. The Haomen Group is the second largest beer manufacturer in China. Irene Wu, Johnny Chung's main assistant at AISI, said that Shi Zeng Chen was one of Johnny Chung's first contacts in China. She said:

"I would know, like Haomen -- the President of Haomen. I know he's one of the first persons that Johnny met in China, and through him, Johnny met a lot of other people. ... How they met, I would not have any idea."⁴²

According to an article in the *China Youth Journal*, Chung met Shi Zeng Chen through Haomen's U.S. Representative, Ms. Yao, who had met a Los Angeles immigration attorney and AISI shareholder Larry Liou after Haomen opened an office in Los Angeles.⁴³

1. The White House Holiday Reception:

Shi Zeng Chen and Haomen Assistant President Yei Jun He attended a White House holiday reception along with Johnny Chung on December 20, 1994.⁴⁴ They met the President and the First Lady and had their pictures taken with them.⁴⁵

Chung had initially requested, in a December 14, 1994 letter to DNC Finance Director Richard Sullivan, that Shi Zeng Chen and Yei Jun He be admitted to the President's radio address on December 17 and lunch at the White House mess. In his letter, which he appears to have written from Taiwan, he states cryptically:

"He (Shi Zeng Chen) will play an important role in our future party functions."⁴⁶

⁴² Deposition of Irene Wu at p. 121.

⁴³ Hsu Chang-Yin, "President of Haomen Group," *China Youth Journal*, February 8, 1995. (translation by Committee staff).

⁴⁴ EOP004738-9.

⁴⁵ EOP018036.

⁴⁶ DNC 3233321.

Sullivan testified that he did not assist Chung in getting into the White House, but referred him to Eric Sildon, the Director of National Membership Services at the DNC.⁴⁷ Sildon wrote to David Leavy, Staff Assistant to the Press Secretary at the White House, requesting that “Mr. Johnny Chung, a DNC Managing Trustee from Los Angeles and his guest” be provided two spots at the December 17 radio address.⁴⁸ Sildon wrote, “Chung was extremely supportive of our recent event in California with Mrs. Clinton and will be meeting with Debra DeLee, Chair of the DNC, on Monday to reiterate his commitment for strong future support of the Party.”⁴⁹

Chung did not get the invitation to the President’s radio address on the 17th, as he had requested. Instead, according to the *China Youth Journal* article, Shi Zeng Chen and Yei Jun He were scheduled to visit the White House on Sunday, December 18. However, that visit was postponed after a pedestrian fired shots at the White House.⁵⁰

On the morning of Monday, December 19, Chung and the Haomen Group delegation went to DNC headquarters to meet with DNC Chairwoman Debra DeLee.⁵¹ FEC records show that Chung made a \$40,000 donation to the DNC through AISI at around the same time.⁵²

That afternoon, Chung and the group went to the White House for lunch at the White House mess. WAVES records show that Chung was cleared into the White House at 12:30 p.m.⁵³ The author of the *China Youth Journal* article accompanied the group, concealing his identity as a reporter for the *Xinhua News Agency* by posing as an assistant to Shi Zeng Chen.⁵⁴ He reported that Chung and the group were met at the White House gate by White House aide Lenore Lewis and bypassed some security measures.⁵⁵ Shi Zeng Chen brought a 6-pack of Haomen beer into the White House, which the group thought would be prohibited. After lunch, they toured the White House.⁵⁶

⁴⁷ Deposition of Richard Sullivan, Pgs. 158-159.

⁴⁸ F0038495.

⁴⁹ Id.

⁵⁰ Hsu Chang-Yin, “President of Haomen Group,” *China Youth Journal*, February 8, 1995.

See also, Karen De Witt, “Several Gunshots Are Fired at the White House as the President and His Family Sleep,” *The New York Times*, December 18, 1998.

⁵¹ Id.

⁵² FEC Internet Records - tray.com/fecinfo/.

⁵³ WAVES at EOP005040

⁵⁴ Hsu Chang-Yin, “President of Haomen Group,” *China Youth Journal*, February 8, 1995.

⁵⁵ Id.

⁵⁶ Id.

Later that Monday afternoon, the Haomen delegation visited the Commerce Department. A week earlier, on the same day that Chung wrote to Richard Sullivan about visiting the White House, he also wrote to Mark Harris, Deputy Chief of Staff at the Commerce Department, seeking a meeting for Shi Zeng Chen.⁵⁷ The date on the letter is December 14, 1995 instead of 1994, but this appears to be an error.

According to the *China Youth Journal* article:

“In the afternoon, Yei Jun He joined us and went to many Department of Commerce offices for meetings and the U.S. officials indicated that they were willing to help him push for the sale of Haomen Beer in this country.”⁵⁸

The Haomen delegation was apparently scheduled to return to the White House to see the President during the day on Tuesday, December 20, but there were several delays.⁵⁹ According to the *China Youth Journal*:

“[i]t later turned out that President Clinton’s advisors were split in their opinion whether to receive Chen. Some said that Clinton should not receive a member of the Communist Party. Others disagreed. Finally, Clinton decided that if the United States wants to do business in China, he must receive Communist Party members since most Chinese business officials are Communist Party Members ... [Chen] is a 3rd generation Communist Party member.”⁶⁰

That evening, Chung escorted Shi Zeng Chen and Yei Jun He to the holiday reception in the White House residence.⁶¹ The President and Mrs. Clinton received the Haomen executives privately before the reception and had photos taken with them.⁶² The Haomen executives reportedly used the photos with the President and the First Lady in advertisements in China.⁶³ It has also been reported that the ad prompted other Chinese officials to call on Chung, leading to the “China Delegation” that attended the President’s Radio Address in March 1995.⁶⁴

⁵⁷ JCH15036.

⁵⁸ Hsu Chang-Yin, “President of Haomen Group,” *China Youth Journal*, February 8, 1995.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ White House WAVES records, EOP 005040.

⁶² Hsu Chang-Yin, “President of Haomen Group,” *China Youth Journal*, February 8, 1995.

⁶³ Liu, Melinda “The portrait of a hustler; inside Johnny Chung’s mad scramble to the top,” *Newsweek*, March 31, 1997.

⁶⁴ *Id.*

2. Shi Zeng Chen's Son:

As a favor to Shi Zeng Chen, Chung gave his son, David Chen, a job with AISI.⁶⁵ Chung gave David Chen the title of "Special Assistant to the Chairman," and put him in charge of AISI's Beijing office. However, David Chen's business card has the same address as the headquarters of Haomen Group in Beijing.⁶⁶ According to Ms. Wu's testimony, David Chen's title was for show, and he did not actually perform any work for AISI:

"The office -- the real AISI office in Beijing was set up much later, 1996. The card you show me, two offices with David Chen's business card, that wasn't really an office. It was just a title given to David and, you know, for show purpose. That was not a real office."⁶⁷

David Chen was present when the "China Delegation" visited the White House in March 1995 and attended President Clinton's Radio address.⁶⁸ His presence raises important questions about the involvement of the Haomen Group in these events.

3. Joint Companies in California:

Subsequent to these events at the White House, Chung formed two companies in Los Angeles with President Shi Zeng Chen and Assistant President Yei Jun He of the Haomen Group.

On April 21, 1995, Johnny Chung and Shi Zeng Chen formed Yuangao International, Inc. in Artesia, California.⁶⁹ On October 27, 1995, the company issued 9,900 shares to Beijing Gaoyuan Trading Company.⁷⁰ According to Irene Wu, Gaoyuan is a company controlled by Haomen's Yei Jun He.⁷¹ Johnny Chung received 100 shares on the same date.⁷²

⁶⁵ Deposition of Irene Wu, p. 105.

⁶⁶ Business cards - GR001, Exhibit 53, Deposition of Gina Ratliffe.

⁶⁷ Deposition of Irene Wu, 7/28/98, p. 185.

⁶⁸ DNC3233326-3233332.

⁶⁹ Corporate filings, California Secretary of State.

⁷⁰ JC 1271.

⁷¹ Deposition of Irene Wu, 7/28/98, p.130.

⁷² JC 1270.

Yuangao's 1995 Federal tax return indicates that the company had no income and incurred a net loss of \$35,617.⁷³ The return lists Beijing Gaoyuan Trading Company as a foreign entity that owned more than twenty-five percent of Yuangao's voting shares.⁷⁴ Yuangao's bank account indicates few transactions over \$1,000, and little activity.⁷⁵

On June 1, 1995 Johnny Chung and the two Haomen officials formed Sino-American Economic Development, Inc. ("SAED").⁷⁶ California State filings list Chung and Shi Zeng Chen as officers and directors of the corporation.⁷⁷ The filings also indicate that the purpose of SAED is import/export, general trading and telecommunications.⁷⁸ SAED issued 10,000 shares of stock split in the following manner: Shi Zeng Chen (3,000 shares/\$15,000), Johnny Chung (3,500 shares/\$17,500) and Jun Yei He (3,500 shares/\$17,500).⁷⁹ Statements from SAED's bank account indicate incoming wire transfers totaling \$20,000 from Sundart Engineering, Ltd. of Beijing in April 1996.⁸⁰

Shi Zeng Chen and Yei Jun He were Chung's guests at a Clinton/Gore '96 fund-raiser on September 21, 1995.⁸¹ The event was a Southern California Presidential Gala held in Century City. Chung squired a delegation of 24 people to the dinner, many of whom were Chinese nationals. Chung used his employees and their friends as straw donors to illegally contribute \$20,000 in connection with the event. Those contributions were among the charges to which Chung pled guilty in March 1998.⁸²

The China Delegation

In February 1995, Chung began to petition the White House and the DNC to get a meeting with the President for what came to be known as the "China delegation." A February 2, 1995 e-mail from Calvin Mitchell at the National Security Council indicates that Chung had met with him to discuss the impending visit of one member of this "China delegation." In his e-mail to

⁷³ JC 1446-51.

⁷⁴ JC Id.

⁷⁵ JC 1460-92.

⁷⁶ JCH13202.

⁷⁷ JCH13200.

⁷⁸ Id.

⁷⁹ JCH13202, JCH13204 - 6.

⁸⁰ JCH13229.

⁸¹ JCH15023.

⁸² Associated Press, "Fund-raiser Chung Pleads Guilty," *Washington Post*, March 17, 1998.

his NSC colleagues Roseanne Hill, Stanley Roth and Robert Suettinger, Mitchell mentioned that he had met “several times” with Johnny Chung, “who is a big Clinton supporter. He has told me that Mr. Zheng Hongye, Chairman, China Chamber of International Commerce, China Council for the Promotion of International Trade, the China Member Committee of the Pacific Basin Economic Council, will be traveling to the U.S. sometime this spring. If Johnny contacts me again to meet this guy, I’ll let you all know.”⁸³

1. Seeking Access:

Instead of contacting Mitchell, Chung contacted DNC Finance Director Richard Sullivan. In a letter faxed to Sullivan on February 27, 1995, Chung wrote:

“I am going to need your help again. I am bringing with me the delegation from China. This is a group of very important and powerful business leaders from China. They will be in D.C. from 3/7 to 3/11 and will be staying at J.W. Marriott.... Enclose [sic] please find the name list and their personal information. As I have mentioned on the phone, their main purpose would be as follows:

- 1) Meet President Clinton
- 2) Meet Vice President Al Gore
- 3) Have lunch at the Mess (White House)
- 4) Tour the White House
- 5) Meet Secretary Ron Brown

Please help me make arrangements accordingly. Thank you in advance for all your help. I will see you soon.”⁸⁴

At the bottom of the letter, there is a handwritten note that states: “Meet Don Fowler.” Sullivan testified that it was his handwriting, and that either Chung or his assistant, Irene Wu, called to request that meeting.⁸⁵ Sullivan passed along the request and Chung’s delegation did meet with Fowler.⁸⁶

⁸³ EOP 039319.

⁸⁴ DNC 323326, February 27, 1995 letter from Johnny Chung to Richard Sullivan at the DNC sent via fax.

⁸⁵ Deposition of Richard Sullivan, Pgs. 177-178.

⁸⁶ Id. at p. 181-82.

Attached to the letter was a list of names of the delegation, with their biographies. They included:

- * **Zheng Hongye:** Member of the Seventh and Eighth Chinese People's Political Consultative Conference, Chairman of the China International Economic and Trade Arbitration Commission, Chairman of the China Maritime Arbitration Commission, Chairman of the Economic and Trade Coordination Committee for the Two Sides of the Straits, Chairman of the Association of China Foreign Service Trade and a concurrent professor of Xiamen University. He also is Chairman of the China Committee of the International Chamber of Commerce.
- * **Sheng Huaren:** President of China Petro-Chemical Corporation, Chairman of China International United Petroleum and Chemicals Co. Ltd, and concurrently Vice Chairman of China-Korea Economic Council.
- * **Huang Jichun:** Director and Vice President of China International Trust and Investment Corporation (CITIC) in charge of investment and trade both at home and abroad as well as enterprise management.
- * **Wang Renzhong:** Shanghai Vice Chairman, President of Shanghai AJ Corporation.
- * **James J. Sun:** President of Xinjiang Taihe Enterprise Group Co. Ltd. The Taihe Group also consists of Taihe Real Estate Company.⁸⁷

When the delegation arrived in Washington, Sheng Huaren of China Petrochemical was not among the group. In his place, he sent his Vice President, Yan Sanzhong.

Testimony received by the Committee suggests that Zheng Hongye of the China Chamber of International Commerce was the most influential member of the delegation. Gina Ratliffe, who worked as an assistant for Chung and who traveled to China with him a month later, described Zheng as "the political link."⁸⁸ She stated:

⁸⁷ DNC 323326-323332

⁸⁸ Deposition of Gina Ratliffe, Pg. 102.

“The Chamber of Commerce dude seemed to be, and I could be wrong, but he seemed to be the link between the higher-up officials.”⁸⁹

“We spent a lot of time with him (Zheng). We went to his home one afternoon.”⁹⁰

On February 28, 1995, Chung also wrote to Ann McCoy in the White House visitor’s office to reinforce his request:

“How are you? We would like to request for your assistance again. I am bringing with me the delegation from China. This is a group of very important and powerful business leaders from China. They will be in DC from 3/7 to 3/11, and as usual, please arrange for a tour of the White House. I have asked Mr. Richard Sullivan, Mr. Eric led [sic?] of DNC and Mr. Mark Middleton to assist me in arranging a meeting with President Clinton, Vice President Al Gore and a lunch at the Mess in the White House. It would be ideal if you could arrange a tour either before or after the lunch at the Mess.”⁹¹

On March 1, 1995, Richard Sullivan and Ari Swiller, Director of the DNC’s Trustees Program, wrote a memo to DNC Chairman Don Fowler’s office requesting a meeting on March 8th for Chung and his associates from China with Fowler. The memo discussed Chung’s contributions of “\$94,000 to the DNC” and the fact that he had raised an additional \$40,000.⁹² The memo stated that “\$60,000 of this was for a DNC fundraising luncheon with the First Lady in Los Angeles on December 3rd, our first fundraiser after the November elections.” The memo mentioned, “Johnny also does a great deal of business/trade with China” and stated that his group “will be meeting with Secretary Brown earlier in the day.” Sullivan and Swiller enclosed the list of names and their biographies for Fowler.

2. Sullivan’s Doubts:

Although Sullivan had apparently assisted Chung in getting the officials from the Haomen Group into the White House mess in December 1994, Sullivan testified that he did not assist him with these Chinese nationals in February 1995. Sullivan told the Senate in a sworn deposition:

⁸⁹ Id., Pg. 101.

⁹⁰ Id., Pg. 100.

⁹¹ JCH15011. Note that this document of a letter to the White House from Chung was NOT produced by the White House but was only produced by Johnny Chung.

⁹⁰ F 0017561.

“Johnny had showed up at the DNC and . . . said that he would make a contribution to us of \$50,000 if I would get he and five members of his entourage into a radio address with the President . . . I think he had contributed about \$100,000 to that point over the past year, and the fact that -- him showing up with these five people from China. . . . I had a sense that he might be taking money from them and then giving it to us, you know. That was my concern. So I said, I said, I said I wouldn’t do it.”⁹³

In his deposition with the Government Reform Committee, Sullivan amplified these concerns. He testified that he suggested to Fowler that DNC officials review Chung’s contributions to make sure they were legal:

“In March of 1995, ... after Johnny had contributed approximately about \$90,000 to date, I asked — and when Don Fowler gave me a \$50,000 contribution from Johnny that he made in March, I suggested to him that I thought it would be wise for him to have a conversation with Joe Sandler [DNC Counsel] in regards to taking more money from Johnny Chung.”⁹⁴

“I didn’t get a fog horn and shout, ‘Don’t take Johnny Chung’s money,’ I just suggested to Don Fowler that he have a conversation with Joe Sandler.”⁹⁵

Fowler has denied receiving such a warning from Sullivan, stating that, “I have no memory of that. It’s all news to me.”⁹⁶ However, Sullivan’s attorney, Bob Bauer, told the *Washington Post* that Sullivan stands by his recollection of events.⁹⁷

Despite his evident concerns, Sullivan did assist Chung in getting the China delegation in to see Fowler. Fowler welcomed them and posed for pictures with an arm around Chung’s shoulder.⁹⁸

⁹³ Deposition of Richard Sullivan (Senate), Pgs. 228-229.

⁹⁴ Deposition of Richard Sullivan (House), Pg. 186.

⁹⁵ Id., Pg. 191.

⁹⁶ Lardner, George, “Chung Secured Treasury Meeting For Chinese Petrochemical Firm,” *Washington Post*, July 2, 1998.

⁹⁷ Id.

⁹⁸ Repel, William and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” *Los Angeles Times*, July 27, 1997.

3. The Haomen Beer Connection:

While Shi Zeng Chen of the Haomen Group was not included in this delegation, his son, David Chen, did travel with them.⁹⁹ Three days prior to the group's arrival in Washington, the Haomen Group transferred \$150,000 to Johnny Chung's bank account. The money was transferred through the Bank of China and a company listed as "Winlick Investments, Ltd."¹⁰⁰

The wire transfer carried the following notation: "Payment for goods -- Haomen." However, testimony from Chung's employees casts doubt as to whether Haomen owed Chung money for any work he performed. Chung's office manager, Irene Wu, testified that she was not aware of any payment Chung received for goods or services he provided to Haomen.¹⁰¹ His bookkeeper, Nancy Lee, testified in a similar vein:

Q. "Are you aware of a \$150,000 payment from the Haomen Group to Johnny Chung in March of 1995?"

A. "I don't remember."

Q. "Are you aware of any invoices sent to the Haomen Group?"

A. "No."

Q. "Do you know of any services provided by Johnny Chung to the Haomen Group?"

A. "I don't know."¹⁰²

Given the proximity of this wire transfer to the \$50,000 contribution Chung gave to the DNC, and given the presence of Zhi Zeng Chen's son in the delegation, it is reasonable to

⁹⁹ DNC 3233326-3233332.

¹⁰⁰ Deposition of Irene Wu, Exhibit 65.

¹⁰¹ Id., Pg. 132

¹⁰² Deposition of Nancy Lee, Pg. 63.

conclude that this money was sent to Chung to enable him to make this contribution so that the requested meetings could be obtained. Prior to the transfer, Chung's bank account did not contain sufficient funds for him to make the contribution,¹⁰³ which he presented to the First Lady's Chief of Staff, Margaret Williams, on March 9, 1995. The Committee has been unable to question Mr. Chung about this matter due to his assertion of his Fifth Amendment rights. The Committee has also been refused visas by the Chinese government and has been unable to travel to China to interview representatives of the Haomen Group.

4. \$50,000 "Opens the Gates" - Meeting with the First Lady

Having failed to get his requests filled through the DNC, Chung apparently turned to the First Lady's office on March 8, 1995. Up until this time, according to WAVES records, Chung had little contact with the First Lady's office. Evan Ryan, the assistant to the First Lady's Chief of Staff, Margaret Williams, has testified that she recalls meeting him at some point in the Old Executive Office Building when he stopped by her office, but she does not remember when. She says she learned that he was a trustee of the DNC and that he was from Los Angeles and ran a fax business.¹⁰⁴ It should be noted that none of the WAVES records indicate that Ryan WAVED in Chung until March 9, 1995. After that, Ryan WAVED in Chung almost 20 times.¹⁰⁵ In fact, after March 9, 1995, Chung was admitted to the White House almost exclusively by Ryan. Prior to this, Chung was WAVED in by various White House employees.

5. Johnny Chung's Account:

In a *Los Angeles Times* article on July 27, 1997, Johnny Chung provided the following account of how he came to give \$50,000 to the DNC in March 1995. Chung claims he was seeking "VIP treatment for a delegation of visiting Chinese businessmen when he was asked to help the First Lady defray the cost of White House Christmas receptions billed to the Democratic National Committee."¹⁰⁶ "I see the White House is like a subway: You have to put in coins to open the gates," Chung has said.¹⁰⁷ In this interview, Chung says he felt he had a special relationship with Hillary Clinton because he says he had met her years earlier at the governor's

¹⁰³ JCH16554-8

¹⁰⁴ Deposition of Evan Ryan, p. 96.

¹⁰⁵ White House WAVES Records.

¹⁰⁶ Repel, William and Alan Miller, "First Lady's Aide Solicited Check to DNC," *Los Angeles Times*, July 27, 1997.

¹⁰⁷ Id.

mansion in Little Rock, Arkansas, while touting his new fax service. Since then, according to the Times, Chung was photographed with Mrs. Clinton on about a dozen occasions.¹⁰⁸

As reported in the Los Angeles Times, Chung went to the First Lady's office on March 8, 1995, and was greeted by Evan Ryan, then a staff assistant in the First Lady's office. He showed her the business cards of his Chinese companions and asked if arrangements could be made for them to eat lunch in the White House mess and meet Hillary Clinton. Chung also asked if there was anything he could do to help the White House. After speaking with Maggie Williams, Ryan returned saying: "Maybe you can help us."¹⁰⁹

Ryan explained that "the first lady had some debts with the DNC" from expenses associated with White House Christmas parties.¹¹⁰ Chung believes that Ryan mentioned a figure of around \$80,000. Ryan told him that she was relaying the request on behalf of Williams, who hoped Chung could "help the first lady" defray those costs.¹¹¹

"Then a light bulb goes on in my mind, I start to understand," Chung said.¹¹² "I said I will help for \$50,000."¹¹³ After making that commitment, Chung left the White House confident that his wish list would be substantially fulfilled.

The next morning, Chung went back to the White House and was escorted to Ryan's desk in the reception area of the First Lady's office. He said he gave her an unsealed envelope. According to Chung, Ryan lifted the flap and examined the contents. Inside was his check¹¹⁴ and a note to Williams, which he recalled said something like: "To Maggie -- I do my best to help. Johnny Chung."¹¹⁵

A short time later, Williams joined them and Ryan handed the envelope to her, according to Chung. Williams led him into her office and called to reserve a table for the Chinese delegation at the White House Mess. Williams has since told congressional investigators that she never looked at the

¹⁰⁸ Id.

¹⁰⁹ Id.

¹¹⁰ Id.

¹¹¹ Id.

¹¹² Id.

¹¹³ Id.

¹¹⁴ JCH795.

¹¹⁵ Rempel, William, and Alan Miller "First Lady's Aide Solicited Check to DNC," *Los Angeles Times*, July 27, 1997

check. Chung said there was no need for her to look inside the envelope. “I know she knew what was inside, because to me it was her idea to help,” he said.¹¹⁶

Before the delegation convened for lunch in the White House Mess, Chung was advised that another wish list item had been granted. The First Lady could see them before addressing a teachers’ group that afternoon. “Maggie set up everything,” Chung said.¹¹⁷

Later, waiting for Hillary Clinton in a White House reception room, Chung said he asked if the First Lady had been informed of his donation and Ryan responded, “Yes, she definitely knows.”¹¹⁸ According to Chung, when the First Lady met the delegation, she declared to Chung: “Welcome to the White House, my good friend.”¹¹⁹

6. Evan Ryan’s Account:

Ryan cannot identify exactly when she met Chung and her testimony is not clear whether she had met Chung prior to March 8, 1995, when she confirms he did stop by the First Lady’s office. On March 8, 1995, Chung had been WAVED into the Old Executive Office Building by Brian Bailey from Erskine Bowles’ office.¹²⁰ Ryan testified that Chung “showed up” in her office that day unannounced.¹²¹ Chung told her that he had this delegation visiting from China and “he would like to see if he could get them a tour of the White House, to the White House Mess, if he could get them into the President’s radio address and if he could get a photo with Mrs. Clinton.”¹²² Chung also mentioned to Ryan that while he was in town, he would be donating money to the DNC.¹²³

According to Ryan’s testimony, while Chung was still in the reception room, she went to speak with Maggie Williams about Chung’s requests.¹²⁴ Ryan told Williams that “Johnny Chung was here and he had some businessmen from China here and he was hoping to get the tour, the radio address, the Mess and the photo with Mrs. Clinton, and he was also going to be donating

¹¹⁶ Id.

¹¹⁷ Id.

¹¹⁸ Id.

¹¹⁹ Id.

¹²⁰ WAVES at EOP008683

¹²¹ Deposition of Evan Ryan, p. 106.

¹²² Id., p. 105.

¹²³ Id., p. 105, 107-08.

¹²⁴ Id., p. 108-09.

money to the DNC while he was here.”¹²⁵ Williams told her that they would see what they could arrange for him and “that it was helpful to know about his donation because then maybe that would enable the DNC to pay off some of their debts.”¹²⁶ Williams never mentioned to her an amount that Chung could donate, and, according to Ryan, Ryan never mentioned to Chung a bill of \$80,000 that the DNC owed to the White House.¹²⁷ Ryan then returned to Chung and told him that they would try to set up some of these requests.¹²⁸ Chung was “very pleased” and “said he hoped that Maggie got credit for his donation.”¹²⁹

By the end of the day, each of Chung’s requests, with the exception of the radio address, had been scheduled. Ryan testified that she contacted the Visitor’s Office about the tour and contacted the Mess about lunch.¹³⁰ Ryan also stated that Williams set up the photo with the First Lady.¹³¹ Ryan believes Chung contacted her later that day and she then informed him that each of his requests had been scheduled.¹³²

The following day, March 9, 1995, Chung and his guests arrived at the Old Executive Office Building and Ryan escorted them to the Mess for lunch.¹³³ After their lunch, Ryan believes that Ann McCoy, from the Visitor’s Office, took them on their tour.¹³⁴ From the WAVES records, Ryan believes that Chung and his guests left the White House and returned later that day.¹³⁵ Ryan recalls that they were late for their photo with the First Lady.¹³⁶ As soon as they arrived, Ryan escorted them to the Map Room for their photo.¹³⁷ Ryan testified that Mrs. Clinton gave a general greeting to Chung, not the “welcome, my good friend” that Chung has claimed.¹³⁸

Ryan further testified that Chung did not hand her the envelope containing his donation. “I remember that Mr. Chung was insistent that he wanted to hand this envelope directly to Maggie Williams. I remember he really wanted to see her and hand the envelope to her.”¹³⁹

¹²⁵ Id., p. 109.

¹²⁶ Id., p. 110.

¹²⁷ Id., p. 110-11.

¹²⁸ Id., p. 111.

¹²⁹ Id.

¹³⁰ Id., p. 114.

¹³¹ Id.

¹³² Id.

¹³³ Id., p. 115.

¹³⁴ Id.

¹³⁵ Id.

¹³⁶ Id., p. 116.

¹³⁷ Id., p. 117.

¹³⁸ Id., p. 121-22.

¹³⁹ Id., p. 117.

Chung and his delegation of Chinese businessmen returned to the Old Executive Office Building. Ryan told Williams that Chung was there and he wanted to speak with her. Ryan said Williams seemed “confused” at “why he was delivering a donation to the DNC through her.”¹⁴⁰ Ryan brought Mr. Chung to Williams’ office, where he handed the envelope to Williams. Ryan explained that she was standing near the door and does not remember hearing Chung say anything to Williams.¹⁴¹ Ryan testified that Chung never asked her whether the First Lady was aware of his contribution, so she never told him that she was.¹⁴²

7. Maggie Williams’ Account:

Williams does not remember the events of these two days as occurring all at once.¹⁴³ She remembers this sequence of events as “separate occasions.”¹⁴⁴ Williams does not recall Chung wanting to get his friends into the White House on that particular day. She recalls Ryan asking her if she should arrange a photo for Chung and she told her that she should.¹⁴⁵ Williams also recalls Chung requesting the use of her Mess account on a couple of occasions, which she allowed.¹⁴⁶ Williams testified that Chung had used her Mess account prior to receiving his donation.¹⁴⁷

Williams testified that Chung often asked her how he could give to the First Lady. Williams responded that he could not give to the First Lady, but could give to the DNC.¹⁴⁸ As to Chung handing her the check, Williams testified that she was:

“[L]eaving the office and coming out into the vestibule, at which point Mr. Chung enthusiastically said, I give to the First Lady, I give to the First Lady. I said something to the effect of, Johnny, I have told you that you cannot give money to the First Lady, you can give to the DNC, and I believe I told him that again and he said, I am giving to the DNC, I am giving through you, I give through you, I give through the First Lady’s office. I told him

¹⁴⁰ Id., p. 118.

¹⁴¹ Id., p. 119.

¹⁴² Id., p. 125.

¹⁴³ Deposition of Maggie Williams, p. 247.

¹⁴⁴ Id., p. 240.

¹⁴⁵ Id., p. 241.

¹⁴⁶ Id., p. 241-42.

¹⁴⁷ Id., p. 242.

¹⁴⁸ Id., p. 240.

*again that he should just give it to the DNC. He continued to be somewhat insistent. I wanted out. I said, you know, I will take it, I will give it to the DNC, and I think our encounter was, I don't even know if it was a minute or a minute and a half.”*¹⁴⁹

Williams stated that she never looked at the check, and did not even know it was in the amount of \$50,000 until she read about it in the newspapers.¹⁵⁰ She then placed the check in her out basket and assumed that Ryan or someone else would get the check to the DNC.¹⁵¹ Williams is not aware of anyone in the First Lady's office telling Chung about DNC bills for Christmas parties.¹⁵²

8. Comparison of Accounts:

The principal conflicts between these three accounts center around the alleged solicitation of Chung's contribution in the First Lady's office and the delivery of his check the next day.

Regarding Chung's donation, Ryan claims that Chung volunteered to her unsolicited that he would be donating to the DNC while he was in town.¹⁵³

Chung claims that after he made his request for assistance, Ryan left for about 15-20 minutes. She returned saying she had spoken with Williams and said "maybe you can help us." Chung has stated that Ryan told her that the First Lady had some debts with the DNC from expenses associated with White House Christmas parties. Chung believes Ryan mentioned a figure of \$80,000.¹⁵⁴ Chung also claims that Ryan told him that the request was on behalf of Williams, who hoped he could help the First Lady.¹⁵⁵ Chung states that it was at this point that he offered to contribute \$50,000.¹⁵⁶

¹⁴⁹ Id., p. 240-41.

¹⁵⁰ Id., p. 248.

¹⁵¹ Id., p. 249.

¹⁵² Id., p. 250-51.

¹⁵³ Deposition of Evan Ryan, p. 107-08.

¹⁵⁴ Repel, William and Alan Miller, "First Lady's Aide Solicited Check to DNC," Los Angeles Times, July 27, 1997.

¹⁵⁵ Id.

¹⁵⁶ Id.

Ryan testified that she did leave Chung to speak with Williams about the requests, and mentioned that Chung told her he would be donating to the DNC.¹⁵⁷ According to Ryan, Williams told her that they would see what they could arrange for him, and that perhaps his donation would enable the DNC to pay off their debts to the White House.¹⁵⁸ Ryan stated that she never told Chung about the debts the DNC owed the White House, nor did she ever mention a figure of \$80,000.¹⁵⁹

Williams has testified that she recalls Ryan asking if she could set up these requests for Chung.¹⁶⁰ However, Williams states that she never mentioned to Ryan what Chung's donation to the DNC would be used for.¹⁶¹

It is unlikely that Chung would have been aware of DNC debts to the White House unless he had been informed of them by someone who worked there. Given that Ryan recalls Williams discussing the DNC debt with her, and that Chung recalls Ryan discussing the debt with him, it is reasonable to conclude that the DNC debts to the White House were discussed with Chung at the First Lady's office. However, without sworn testimony from Chung, it is not possible to determine if this occurred before or after he offered his contribution.

Internal memoranda demonstrate that the First Lady's office was being kept apprised of the unpaid debts for the holiday receptions. White House records of reimbursable political events held at the White House in December 1994 show a bill of \$236,060.90 for various Christmas Holiday Receptions.¹⁶² These records indicate that the billing date for these receptions was February 23, 1995 and the bill was paid in July of 1995.¹⁶³ A March 24, 1995 memo for Maggie Williams from the Chief White House Usher, Gary Walters, addressed the issue of unpaid bills for collection "issued by the Executive Residence at the White House for fiscal years 1994 and 1995."¹⁶⁴ The memo stated: "It is very obvious that unpaid bills are attributed to the DNC."¹⁶⁵ Mr. Walters' memo at this time notes various "Holiday events" in 1994 as being \$41,291 and "partially paid by the DNC."¹⁶⁶ At this time Walters noted that there was \$135,345.25 to be paid

¹⁵⁷ Deposition of Evan Ryan, p. 108-09.

¹⁵⁸ Id., p. 109-110.

¹⁵⁹ Id., p. 110-11.

¹⁶⁰ Deposition of Maggie Williams, p. 241-42.

¹⁶¹ Id., p. 258.

¹⁶² FY 98 Treasury Postal Appropriations Hearings held in the Spring, 1997 (get date).

¹⁶³ Id.

¹⁶⁴ DNC 3078128-30.

¹⁶⁵ Id.

¹⁶⁶ Id.

by the DNC for FY 94.¹⁶⁷ In the memo, Walters noted that there was a “partial payment of \$198,714.56” paid on March 15, 1995.¹⁶⁸

Regarding the delivery of the check, Chung claims that he returned the next day and presented Ryan with an unsealed envelope.¹⁶⁹ According to Chung, Ryan examined the contents of the envelope. There was a note inside the envelope that stated: “Maggie - I do my best to help. Johnny Chung.”¹⁷⁰ A short time later, Williams joined them and Ryan handed her the check.¹⁷¹ Ryan has testified that Chung insisted that he give the check to Williams, and that she arranged for him to do so.¹⁷² Williams has testified that Chung did hand her an envelope, but she never looked at the contents.¹⁷³ Williams does not recall Chung handing her any note.¹⁷⁴

Chung also has stated that he asked Ryan if the First Lady was aware of his donation and she replied that she knew.¹⁷⁵ According to Ryan’s testimony, Chung never asked her if the First Lady was aware of his donation, and further, he had not handed Williams the check until after his photo with the First Lady.¹⁷⁶

9. The President’s Radio Address:

It appears that the First Lady’s office was able to fulfill all of Chung’s requests, as outlined in his February 27 letter, except for the most important -- an invitation to the President’s radio address. During his testimony before the Senate Governmental Affairs Committee on September 9, 1997, DNC Co-Chairman Don Fowler was questioned about his knowledge of how Johnny Chung and his Chinese delegation were able to attend the radio address. Mr. Fowler testified that he did not become aware of Chung’s attendance at the radio address until sometime after the election. His assistant, Carol Khare, was involved with this, and he questioned her about it. Ms. Khare told Mr. Fowler:

¹⁶⁷ Id.

¹⁶⁸ Id.

¹⁶⁹ Repel, William and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” Los Angeles Times, July 27, 1997.

¹⁷⁰ Id.

¹⁷¹ Id.

¹⁷² Deposition of Evan Ryan, p. 117.

¹⁷³ Deposition of Maggie Williams, p. 240-41, 248.

¹⁷⁴ Id., p. 296.

¹⁷⁵ Repel, William and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” Los Angeles Times, July 27, 1997.

¹⁷⁶ Deposition of Evan Ryan, p. 117-18, 125.

“She received a call from Mr. Chung and he asked her if he could attend the radio address. This was a relatively short period of time after we had come to Washington. She did not know anything about the process or procedures for arranging such a visit. And, so, she walked out into this area where three or four people who work in my office were sitting and just posed the general question, does anybody know how you get into the President’s radio address?”

“And one of the people there said, a friend of mine who works in the White House arranged for people to get in to those addresses. And, so, Mrs. Khare asked this person to call her friend and make the inquiry. This person did make that call and the word back was that her friend, unnamed, and I do not know that person’s name, said that he or she would arrange if it (sic) possible. She reported that back to Mrs. Khare, and Mrs. Khare called Johnny Chung back and gave him that information.”¹⁷⁷

Fowler testified that Ceandra Scott was the person who contacted a friend at the White House.¹⁷⁸ Mr. Fowler did not know the person contacted at the White House.

During her deposition, Ms. Khare explained that Chung had contacted her by phone and asked for help.¹⁷⁹ Khare was not aware at the time that people attended the radio address.¹⁸⁰ Khare asked the staff assistants if they knew whether they could get people into the radio address.¹⁸¹ Ceandra Scott said that she knew someone at the White House who handled the addresses and would call them.¹⁸² According to Khare, Ms. Scott called her contact immediately.¹⁸³ Scott returned to Khare and told her that Chung and the delegation could attend the radio address.¹⁸⁴

Using the number that Chung had provided, Khare contacted Chung at the First Lady’s office. Khare explained that she knew it was the First Lady’s office because they answered the phone, “Office of the First Lady.”¹⁸⁵

¹⁷⁷ Fowler Senate Governmental Affairs testimony, September 9, 1997 at p.209.

¹⁷⁸ Id. at p. 210.

¹⁷⁹ Khare deposition at p. 34.

¹⁸⁰ Id.

¹⁸¹ Id.

¹⁸² Id. at 34-35.

¹⁸³ Id. at p. 37.

¹⁸⁴ Id. at p. 39.

¹⁸⁵ Testimony of Ceandra Scott, House Committee on Government Reform and Oversight, Pg. 177.

Ceandra Scott recalled contacting the First Lady's office late Friday afternoon to try to get Chung and the delegation into the radio address. Scott was not certain if she spoke with Williams or someone else.¹⁸⁶ Shortly thereafter, she got a call back from the First Lady's office and was told that Chung and the delegation could attend.¹⁸⁷

Chung and the delegation did attend the radio address on March 11, 1995. At the conclusion of the address, Chung introduced the President to his Chinese associates. Pictures were taken with the President and each delegation member. In addition, the delegation presented the President with a large heart-shaped piece of jade.¹⁸⁸ All of this was captured on videotape by the White House photographer's office.

10. National Security Council Staffers Raise Concerns About Chung:

According to Nancy Hernreich's Senate deposition, the President became concerned about the delegation after having had his picture taken with them:

A: As I recall it, the President said to me, "You shouldn't have done that," or we shouldn't have done that."

Q: Done what? Help me.

A: Well, the Chinese, have the Chinese at that radio address.

Q: Why not?

A: I don't know. He didn't say.

Q: Did you have any understanding of what he was talking about?

A: Yes, generally.

¹⁸⁶ Id., p.211.

¹⁸⁷ Id.

¹⁸⁸ EOP 063827.

Q: What was your understanding?

A: Well, that these were foreign, either officials or, you know, inappropriate foreign people. This was my understanding of that.¹⁸⁹

At this point, the National Security Council was brought into the picture. White House aide Kelly Crawford testified in her deposition that she has a vague recollection that the President asked either Hernreich or herself who the delegation was, where their request came from and why they were there.¹⁹⁰ The President also inquired as to whether anyone at the National Security Council knew that the delegation was attending the radio address.¹⁹¹ Crawford has a vague recollection that she took the list of names of the delegation to Nancy Soderberg or to Tony Lake's office to have them determine if there was a "problem" with any of the names.¹⁹²

As the NSC's Director for Asian Affairs, Robert Suettinger was the logical choice to vet Johnny Chung's guests. Suettinger, a CIA detailee to the NSC and an expert on Asian affairs, evidently was contacted by Brooke Darby – an assistant to NSC Staff Director Nancy Soderberg – about Chung's request that the White House release photographs of the President with the China delegation.¹⁹³

Darby's E-mail to Suettinger was on behalf of Presidential assistant Nancy Hernreich, who was ultimately responsible for deciding whether or not to release the photographs to Chung. The E-mail was also sent to Stanley Roth, the Senior Director for Asian Affairs, and another NSC staffer, Roseanne Hill. According to Darby:

"An odd situation on which I need some guidance for the President's office ASAP:

A couple of weeks ago ... the head of the DNC asked the President's office to include several people in the President's Saturday Radio Address. They did so, not knowing anything about them except that they were DNC contributors.

¹⁸⁹ Hernreich Senate deposition, June 20, 1997, at pp. 67-68.

¹⁹⁰ Deposition of Kelly Crawford. p. 50.

¹⁹¹ Id., p. 51.

¹⁹² Id., p. 54.

¹⁹³ EOP005438.

*It turns out that they are various Chinese gurus and the POTUS¹⁹⁴ wasn't sure we'd want photos of him with these people circulating around. Johnny Chung, one of the people on the list, is coming in to see Nancy Hernreich tomorrow and needs to know urgently whether or not she can give him the pictures. Could you please review the list ASAP and give me your advice on whether we want these photos circulating around? (FYI - These people are major DNC contributors and if we can give them the photos the President's office would like to do so.)"*¹⁹⁵

¹⁹⁴ President of the United States.

¹⁹⁵ EOP005438.

Suettinger did not object to releasing the photographs to Chung, but issued an explicit warning about him for future reference. His reply by E-mail is worthy of lengthy quotation:

“The joys of balancing foreign policy considerations against domestic politics ... I don’t see any lasting damage to U.S. foreign policy from giving Johnny Chung the pictures. And to the degree that it motivates him to continue giving to the DNC, who am I to complain? Neither do I see any unalloyed benefit either. But as far as the Chinese on the list are concerned, they all seem to be bona fide (present or former) Chinese officials, with the possible exception of James Y. Sun, “young entrepreneur and self made millionaire.” Got some doubts there. Notwithstanding that, these guys will all hang the pictures on the wall and feel grateful for the memory.

But a caution – a warning of future deja vu. Having recently counseled a young intern from the First Lady’s office who had been offered a “dream job” by Johnny Chung, I think that he should be treated with a pinch of suspicion. My impression is that he’s a hustler, and appears to be involved in setting up some kind of consulting operation that will thrive by bringing Chinese entrepreneurs into town for exposure to high level U.S. officials. My concern is that he will continue to make efforts to bring his friends into contact with POTUS and FLOTUS¹⁹⁶ – to show one and all that he is a big shot, thereby enhancing his business ventures. I’d venture a guess that not all of his business ventures – or those of his clients would be ones that the President would support. I also predict that he will become a royal pain, because he will expect to get similar treatment for future visits. He will be persistent.”¹⁹⁷

Suettinger was interviewed by the Committee on August 20, 1997. When asked about the aforementioned correspondence about Chung, he stated that Darby was acting on behalf of Nancy Soderberg. Darby wanted Suettinger to determine who Chung’s “Chinese gurus” were and whether the release of the photos would embarrass the President.¹⁹⁸ He stated that he was not asked to vet these individuals prior to their invitation to the President’s radio address, but after he received Darby’s request, he checked his handbook of Chinese officials. After determining that the release of the photographs would not harm U.S. foreign policy, he claimed that in addition to

¹⁹⁶ First Lady of the United States.

¹⁹⁷ EOP005439

¹⁹⁸ Committee interview of Robert Suettinger, 20 August 1997.

warning Darby about Chung being a “hustler,” he also warned Stanley Roth.¹⁹⁹ Suettinger was concerned that because of Chung’s status as a DNC trustee he would get “carte blanche” treatment at the White House.²⁰⁰

Even after Suettinger’s warning, Chung was still permitted to visit the White House 23 times.²⁰¹ When asked about Chung’s many White House visits after the “hustler” warning, Suettinger expressed personal dismay. He stated to Committee investigators that his initial concerns about Chung were based on his knowledge of PRC and Taiwanese business practices, evidently referring to widespread influence peddling. Suettinger feared what he referred to as Chung’s “own agenda” and felt that it was his responsibility to protect the President.²⁰²

Darby was also interviewed by the Committee. Even though Suettinger did not recommend against releasing the pictures, Darby informed the President’s staff that they should not release the photos.²⁰³

10. The Spielberg Fundraiser -- Chung Gets His Pictures:

Chung vigorously pursued the release of the radio address photos with the President through his numerous contacts. On April 5, 1995, Chung wrote to Maggie Williams, requesting her assistance in having the photos released before his upcoming trip to China.²⁰⁴ Chung wrote, “I have learned from Richard Sullivan of DNC that the National Security Council is holding on to those pictures.”²⁰⁵ However, the photos were not released until after Chung contributed an additional \$125,000 at an April 8 DNC fundraiser at the home of Director Steven Spielberg.

It appears that this donation, by far the biggest Chung ever gave, was at least partially underwritten by AISI shareholder Yi Chen (George) Liu. According to AISI records, Liu purchased \$100,000 of AISI stock on July 12, 1994.²⁰⁶ He purchased another \$150,000 worth of stock on November 4, 1996.²⁰⁷ Liu’s business card describes him as “Special Assistant to the

¹⁹⁹ Senior Director for Asian Affairs at the NSC and Suettinger’s direct superior.

²⁰⁰ Committee interview of Robert Suettinger, 20 August 1997.

²⁰¹ White House WAVES records

²⁰² Committee interview of Robert Suettinger, 20 August 1997.

²⁰³ Committee interview of Melanie Darby, August 1997.

²⁰⁴ JCH15013.

²⁰⁵ Id.

²⁰⁶ JCH13699.

²⁰⁷ Id.

Chairman, AISI,” and lists AISI’s California and Taiwan offices.²⁰⁸ Liu and his father toured the White House in 1995 and attended a Kathleen Brown for Governor event in San Francisco.²⁰⁹

Liu accompanied the “China Delegation” to the White House in March 1995.²¹⁰ He also accompanied Chung on his April trip to China,²¹¹ the trip for which Chung was desperate to acquire these photos. On April 8, 1995 Liu paid Chung \$100,000.²¹² That same day, Chung contributed \$125,000 to the DNC in order to attend a fund-raiser at Steven Spielberg’s home.²¹³ Liu accompanied Chung to the event.²¹⁴

In her deposition, Chung’s assistant, Gina Ratliffe, describes Liu in this way: “George had a ton of money of his own. ... George just seemed to have fun with life.”²¹⁵

On April 11, 1995, three days after the Spielberg event, Chung received a fax from Carol Khare in Don Fowler’s office: “The White House assures me that you now have the pictures -- Hurray! If you don’t, give me a call. Have a good trip.”²¹⁶

Both Hernreich and Crawford testified at the Committee’s November 13 hearing that they believed the photos were not released to Chung. However, Gina Ratliffe, a former intern in the First Lady’s office who went to work for Chung, testified that she went to the White House to pick up the photos prior to her departure to China with Chung.²¹⁷

Chung was accompanied on his subsequent trip to China by his assistant, Ratliffe. She was an intern in the First lady’s office when Chung hired her to handle logistics and social arrangements for groups that he brought to Washington. They left Los Angeles for China on April 12, 1995, and returned on April 25.²¹⁸

²⁰⁸ Documents produced by Gina Ratliffe.

²⁰⁹ JCH13699.

²¹⁰ DNC3233326-3233332

²¹¹ Deposition of Gina Ratliffe, Pg. 118.

²¹² N0209

²¹³ JCH797.

²¹⁴ JCH13699.

²¹⁵ Deposition of Gina Ratliffe, Pg. 119.

²¹⁶ JCH15021.

²¹⁷ Deposition of Gina Ratliffe, Pg. 62,70.

²¹⁸ Id., Pg. 92.

She states in her deposition that they spent a great deal of time with officials from the Haomen Group and China Petrochemical.²¹⁹ She also states that James Sun, the Chinese entrepreneur who attended the Radio Address at the White House, came to Beijing to meet them.²²⁰ During the trip, Chung's group visited the Forbidden City to visit Vice Premiere Lee.²²¹

Chung Tries to Assist in Releasing Harry Wu

Chung's actions in the summer of 1995 indicate that Suettinger's concerns about his personal White House "agenda" were well founded. On July 25, Chung's assistant at AISI, Irene Wu, faxed a letter on Chung's behalf to Presidential aide Betty Currie requesting that President Clinton write a "credential letter" for Chung's forthcoming trip to China.²²² On the same day, Chung also faxed Currie on the same subject,²²³ enclosing a letter he received from DNC Chairman Don Fowler that commended Chung for his efforts "to build a bridge between the people of China and the United States" and for being "a friend and a great supporter of the DNC."²²⁴

Chung planned to use his trip to China in late summer 1995 to play the role of unofficial White House envoy in facilitating the release of imprisoned human rights activist Harry Wu. Wu, a Chinese-born American human rights activist, was arrested and detained in Wuhan Province²²⁵ earlier in the summer by PRC authorities when he attempted to enter China secretly.²²⁶ His detainment caused an uproar in the international community; California Senator Diane Feinstein and her husband Richard Blum – both of whom have high-level Chinese contacts – traveled to Beijing to aid in the Wu negotiations.²²⁷ The arrest and outcry presented Chung with an opportunity to raise his profile with Beijing and the White House by attempting to portray himself as the President's personal envoy in seeking Wu's release.

²¹⁹ Id., Pg. 97, 100.

²²⁰ Id., Pg. 121.

²²¹ Id. Pg. 101-102.

²²² JCH466.

²²³ JCH467.

²²⁴ EOP005057.

²²⁵ Tempest, Rone, "U.S. citizen detained by China," *Los Angeles Times*, June, 27, 1995

²²⁶ "Do Human Rights Change with Political Agendas?" *The Columbus Dispatch*, 1 September 1995

²²⁷ Sciolino, Elaine, "Summit in Washington: The Politics; A chinese Visitor Comes Between longtime California Allies," *New York Times*, October 30, 1997.

Troubled by Wu's arrest, Chung sought to talk to the President at a DNC reception in California in July 1995. When he spoke to the President in the receiving line, Chung told him of his intention to use his own contacts in China to press for Wu's release.²²⁸ Chung recalls that the President encouraged him, jabbing the air with his finger and saying that he should, "Tell them they have no right to arrest U.S citizens." According to Chung, the President said, "We have enough problems between our countries. We don't need any more." Chung recalls that as he stepped away, Clinton called him back, pointing a finger at Chung's heart and repeating: "Johnny--tell them."²²⁹

Chung left the reception convinced that he was an envoy representing the interests of the President of the United States, charged with obtaining the release of Harry Wu.

On July 24, 1995, Janice Enright, Assistant to Deputy Chief of Staff Harold Ickes, sent a memorandum to National Security Advisor Anthony Lake documenting a telephone call she had with the Executive Director of the DNC, Bobby Watson concerning Chung. Watson had alerted Enright about Chung's plans to visit China to negotiate for Wu's release on behalf of the President.²³⁰ The memo stated:

Aparently, Johnny Chung, A Dnc Trustee, I s traveling with a group of people to China and meeting with the President of China this week. His mission is to negotiate the release of Harry Woo.

Mr. Watson wanted to alert us that Mr. Chung plans to represent to the President of China that he is sanctioned by President Clinton in his efforts to get Mr. Woo released. He bases this representation on the fact that he recently saw the President during his trip to California and metioned to him (I believe on a photo line) what he was doing in this regard. Apparently, the President was supportive. To what extent, is unclear but nevertheless, it is being construed as a validation and will be represented that way to the President of China.²³¹

²²⁸ Rempel, William, "How Big Clinton Contributor Turned into Freelance Envoy," *Los Angeles Times*, March 2, 1997.

²²⁹ *Id.*

²³⁰ 003626

²³¹ *Id.*

The NSC's Robert Suettinger was tasked to investigate the matter and concluded that:

*Johnny Chung's attempt to get Harry Wu released is very troubling, in part because I was not able to contact the DNC in time to get them to discourage Chung from involving himself in this diplomatically difficult and high stakes issue.*²³²

While Chung was unsuccessful in getting a credential letter from the President, he did receive something similar from DNC Co-Chairman Don Fowler, a matter of some concern at the NSC. Suettinger stated that "the credential letter that the DNC provided was one thing and all we can do is hope that the Chinese recognize that his message should be treated with caution."²³³

According to the Los Angeles Times, in the summer of 1995, the Chairman of China Petrochemical, Huaren Sheng, arranged for Chung to meet with a senior official from the Chinese foreign ministry in Beijing to discuss the detention of Wu.²³⁴ At this point, the Committee is unable to determine what if any impact Chung's meddling in this tense situation might have had. However, it is troubling that, when so many people at the DNC and the White House had been put on notice that Chung was preparing to intrude into a sensitive diplomatic matter, nobody intervened.

The Century City Fundraiser

September 1995 brought the political event that would eventually prove to be Johnny Chung's legal undoing. Chung brought a large group of Chinese associates to a Clinton/Gore '96 fundraising dinner in Century City, California on September 21. He attempted to pay for his guests with a large, soft money contribution to the DNC. However, Clinton/Gore could not legally accept contributions in excess of \$1,000 from a single individual. The next day, Chung enlisted his employees to generate a series of \$1,000 conduit contributions to pay for the event. This scheme was the centerpiece of the criminal information filed by the Justice Department to which Chung pled guilty in March 1998.²³⁵

²³² Committee interview of Robert Suettinger, 20 August 1997.

²³³ Id.

²³⁴ Rempel, William, and Alan Miller "Donor's Claim of Altered O'Leary Letter Investigated.," *Los Angeles Times*, September 22, 1997

²³⁵ Associated Press "Fund-Raiser Chung Pleads Guilty," *The Washington Post*, March 17, 1998.

In 1995, Chung became a member of the Clinton/Gore '96 Southern California Finance Council by making a commitment to Clinton/Gore National Finance Chairman Terry McAuliffe to raise \$100,000 for the campaign.²³⁶ Chung was later pressed to fulfill his commitment. He received an August 5 form letter from the campaign urging him to line up guests for the Century City dinner.²³⁷ As the September 21 dinner approached, Chung was contacted by Kimberly Ray, Deputy Finance Director for Southern California for Clinton/Gore '96. Ms. Ray wrote, "Please send list of names for seating arrangements ... Johnny, I'm not showing any individual commitments or contributions toward your 100K commitment you made to Terry. Time is running out. Please advise."²³⁸

1. The Guest List:

On September 19, 1995, Chung faxed a guest list of 24 people to Karen Sternfeld, Clinton/Gore '96 Deputy Finance Director for Southern California.²³⁹ The list included himself and his wife, his parents, and several AISI employees and stockholders. It also included a dozen Chinese nationals who were not eligible to contribute to Clinton/Gore. Prominent on the list were the President and Assistant President of the Haomen Group, ShiZeng Chen and Yei Jun He. According to testimony from Chung's assistant, Irene Wu, most of the remaining overseas guests were friends and associates of Mr. He.²⁴⁰ As noted earlier, Wu has testified that the Haomen Beer officials were Chung's first substantial contacts in China, and that they introduced Chung to many other people.

Chung went on to develop business relationships with several of these individuals, including Bin Liu, who has been identified as the son of a high-ranking Chinese general.²⁴¹ The list includes two other Chinese nationals with whom Chung went on to form companies in Los Angeles: Mr. Shijin Yu of Honestwin Limited, and Bao Jian Cui of the Great Wall International Culture Company. These relationships will be detailed in a later section of this chapter.

²³⁶ JCH12214.

²³⁷ Id.

²³⁸ JCH12220.

²³⁹ JCH15023 (additional information is italicized).

²⁴⁰ Deposition of Irene Wu, Pgs. 34-36.

²⁴¹ Id, Pg. 225.

According to Karen Sternfeld, Johnny Chung brought a \$25,000 check made out to the Democratic National Party (“DNC”) to the Century City event.²⁴² Sternfeld later explained to Chung that contributions to Clinton/Gore ‘96 were limited to \$1,000 per individual for the primary election, and that his \$25,000 check to the DNC was not acceptable.²⁴³

2. Arranging Straw Donors:

The following morning, Sternfeld phoned Irene Wu at the AISI offices. She informed Wu that she still had Chung’s check, but that she could not accept it. She told Wu that they could only accept checks of up to \$1,000. Wu informed Sternfeld that most of Chung’s guests had already left, and it would be difficult for her to get individual checks. According to Wu, Sternfeld told her that the individuals who contributed did not necessarily have to be the same individuals who attended the event.²⁴⁴

Sternfeld told Wu that she and her colleagues from the campaign would be at a restaurant that evening, and that Wu could deliver the checks to her there.²⁴⁵

When Chung arrived at the AISI offices, he entered Wu’s office and asked her to help him enlist people to write checks to Clinton/Gore ‘96 in return for cash. According to Wu:

“When he walked in, we knew we had to take care of this, so we started talking about it, what needs to be done. And so he said, ‘we have to find the individual checks.’ And I understood it as part of my job in assisting him that I would have to call around and get the checks together.”²⁴⁶

When Ms. Wu was initially contacted by Committee investigators in October 1997, she asserted her Fifth Amendment right to remain silent and declined to be interviewed. The Committee voted to immunize Wu and co-worker Nancy Lee on June 23, 1998. Wu and Lee were deposed in California by Committee staff on July 28 and July 29, 1998, respectively.

²⁴² Deposition of Karen Sternfeld, March 10, 1998, p. 40.

²⁴³ Id.

²⁴⁴ Deposition of Irene Wu, pgs. 41-42.

²⁴⁵ Id., Pg. 78-79.

²⁴⁶ Id., Pg. 40.

Wu said that she and other AISI employees assisted Chung in distributing \$1,000 cash payments to friends and co-workers in return for \$1,000 checks made payable to Clinton/Gore '96.²⁴⁷ Committee investigators have interviewed 20 individuals, including Wu and Lee, who wrote those checks in exchange for cash. Though their accounts vary somewhat as to what day they made their contributions, they acknowledge doing so shortly after the date of the event.

The testimony of Sternfeld's supervisor, Clinton/Gore '96 Southern California Finance Director Kimberly Ray, is essentially consistent with that of Sternfeld.²⁴⁸ Both Ray and Sternfeld deny having any knowledge that Chung reimbursed anyone for their contributions to Clinton/Gore '96.²⁴⁹

3. Nancy Lee and Maxtech:

After writing a check of her own for \$1,000 to the Clinton/Gore campaign and being reimbursed by Chung, Irene Wu phoned Nancy Lee.²⁵⁰ Lee worked as a part-time bookkeeper for AISI in the evenings. During the day, she worked for Maxtech, a computer peripheral manufacturer in Los Angeles. Wu asked Lee to write a check to Clinton/Gore, which she did, and to get similar checks from as many coworkers as possible. All of the donors would be reimbursed that day.²⁵¹

Lee secured \$1,000 checks from five coworkers at Maxtech; Kathy Chiang, Brenda Hwang, Joyce Tsao, Anna Kulesza and Mike Wang.²⁵² Later that day, she received cash to reimburse her coworkers from Johnny Chung's wife, Katherine.²⁵³

In late October 1997, committee investigators interviewed Anna Kulesza, Joyce Tsao and Mike Wang at the offices of Maxtech. All three confirmed that they were separately asked by co-worker Nancy Lee to write \$1,000 checks to Clinton/Gore '96, and that they were reimbursed in cash. Ms. Kulesza also told investigators that Ya-Hui Kao (Brenda) Hwang, who also had contributed \$1,000 to Clinton/Gore '96, passed away in early 1996. They said that they had

²⁴⁷ Id.

²⁴⁸ See, generally, deposition of Kimberly Ray, July 30, 1998.

²⁴⁹ Deposition of Kimberly Ray at p. 41; deposition of Karen Sternfeld at pp. 43, 62.

²⁵⁰ Deposition of Irene Wu, Pgs. 38-39, 45.

²⁵¹ Deposition of Nancy Lee, Pgs. 34, 27-29.

²⁵² Id. Pgs. 35-40.

²⁵³ Deposition of Irene Wu, Pgs. 47-49. Wu stated that she overheard Johnny Chung ask his wife to deliver the money to Lee.

never made political contributions and explained that they wrote the checks as a favor to Nancy Lee. They said that they did not know the legal implications of being reimbursed for their contributions.²⁵⁴

In January 1998, committee investigators interviewed Kathy Chiang at the Maxtech offices. Like the others, she confirmed that Nancy Lee asked her to write a \$1,000 check to Clinton/Gore '96 in exchange for cash. Ms. Chiang said that she did not have sufficient funds in her checking account to cover the check. Ms. Chiang filled out a deposit slip, and Nancy Lee deposited the cash into her account.²⁵⁵

None of the Maxtech employees who made conduit contributions to Clinton/Gore '96 attended the September 1995 Century City fund-raising event.

4. Woody Hwang and Victoria Financial Services:

Irene Wu also enlisted the aid of her ex-husband, Woody Hwang, in securing checks for the event. Through his attorney, Woody Hwang asserted his Fifth Amendment right to remain silent on January 27, 1998, and declined to speak with committee investigators. Through interviews and depositions, the Committee has learned that Hwang secured seven \$1,000 checks (including his own) to the Clinton/Gore campaign, and delivered them to Wu in exchange for an equal amount of cash.²⁵⁶

In late January 1998, committee investigators visited the offices of Victoria Financial Services (formerly Amazon Financial). They interviewed employee Chun Ju Cheng about contributions that she and other employees of that company made to Clinton/Gore '96. Ms. Cheng said that Irene Wu used to work for Pacific Title Company, which conducted business with Victoria Financial. Ms. Cheng said that she and other Victoria employees met Woody Hwang through Irene Wu.

Ms. Cheng said that Woody Hwang came to the offices of Victoria Financial and asked several employees to write contribution checks in exchange for cash. Ms. Cheng said that she and the others agreed to do so in order to assist a friend. She said that Mr. Hwang reimbursed the contributors with cash one or two days later.

²⁵⁴ Staff interview of Anna Kulesza, Hsi-chun Tsao Kang, Yen-Wen Wang, January 27, 1998.

²⁵⁵ Staff interview of Li-Chuan Chiang, October 23, 1997.

²⁵⁶ Deposition of Irene Wu, pgs. 62-71.

Ms. Cheng said that she wrote two checks. One on her account, and another on an account that she shares with her mother-in-law, Meng Eng Sun. Ms. Cheng said that her sister-in-law, Yen Ling Shao, also wrote a check at Woody Hwang's request. Ms. Cheng said that Shao is sixty-two years of age, never worked for Victoria Financial, and is currently residing in either China or Taiwan.

Ms. Cheng and a co-worker named Serena Cheng, who did not make a contribution to Clinton/Gore '96, witnessed Woody Hwang's solicitation of Susan Tan, who also wrote a check. Susan Tan did not work for Victoria Financial. They said that Tan was visiting the United States and is currently overseas. Serena Cheng and Chun Ju Cheng said that they do not know another contributor named William Cheung, who also listed Victoria Financial as his employer when he contributed \$1,000 to Clinton Gore '96.

Ms. Cheng said that neither she nor the others who exchanged checks for cash were aware that such action was illegal at the time that the exchanges were made. None of the employees attended a fund-raising event for Clinton/Gore '96 in connection with their contributions.²⁵⁷

5. Steven Lin, Chin Lin and Annie Ho:

Committee investigators also interviewed Steven Lin in late January 1998. He said that his wife, whose maiden name was Annie Ho, used to work part-time at AISI.

Steven Lin said that Annie Ho asked him and his sister, Chin Lin, to write a check with the understanding that they would be reimbursed. Steven Lin, Annie Ho and Chin Lin each wrote a \$1,000 check to Clinton/Gore '96. Lin said that another AISI employee picked up the checks from Ms. Ho at the offices of her other part-time employer. Ms. Ho reimbursed Steven Lin and Chin Lin the next day in cash.²⁵⁸

Shortly after speaking to Steven Lin, committee investigators contacted Annie Ho at her home by telephone. Ms. Ho confirmed that she asked Steven Lin and his sister to write checks to Clinton/Gore '96 in exchange for cash, but could not remember whether it was Irene Wu or Nancy Lee who asked her to make that request.²⁵⁹

²⁵⁷ Staff interview of Chun Ju Cheng and Serena Cheng, January 23, 1998.

²⁵⁸ Staff interview of Steven Lin, January 27, 1998.

²⁵⁹ Staff interview of Annie Ho, February 2, 1998.

6. Xiaodong Shan and Tina Wang

Committee investigators also interviewed El Camino Junior College professor Xiaodong (David) Shan in late January 1998. When asked about a \$1,000 check that he wrote to Clinton/Gore '96, Mr. Shan said that he wrote the check at the request of a friend named Tina Wang, who worked for Johnny Chung. He said that Ms. Wang immediately reimbursed him for his check with cash. He said that he never attended a party or political event for Clinton/Gore '96 in connection with the check and was unaware that it is unlawful to be reimbursed for political contributions.²⁶⁰

A few days later, committee investigators interviewed Tina Wang by telephone. She said that Irene Wu asked her and other AISI employees to write checks to Clinton/Gore '96 in exchange for cash. Ms. Wang said that she did not write a check because she did not have any with her at the time. Instead, she asked her friend, David Shan, to do so because he worked near her office in Torrance. Wang said that she did not attend a fund-raising event in connection with Shan's contribution.²⁶¹

China Petrochemical Company (SINOPEC)

1. Introduction:

By the fall of 1995, Chung's reputation in China for having access to the White House and the top levels of the Clinton Administration was well established. At this point, according to Chung, he was asked by the Chairman of the China Petrochemical Company (SINOPEC), Huaren Sheng, to set up meetings for him with President Clinton and Secretary of Energy Hazel O'Leary.²⁶²

Huaren Sheng had originally been scheduled to visit Washington with the "China Delegation" that Chung brought to the President's radio address in March 1995. However, he sent SINOPEC Vice President Yan Sanzhong in his place.

²⁶⁰ Staff interview of David Shan, January 28, 1998.

²⁶¹ Staff interview of Tina Wang, February 5, 1998.

²⁶² Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," *Los Angeles Times*, September 22, 1997.

According to the *Los Angeles Times*, Sheng had arranged in the summer of 1995 for Chung to meet with a senior official from the Chinese foreign ministry in Beijing to discuss the detention of human rights activist Harry Wu.²⁶³

One Energy Department memo described China Petrochemical, otherwise known as SINOPEC, as China's largest petrochemical company. The memo states that SINOPEC produces 90 percent of China's petrochemical products.²⁶⁴ A letter from Chung to Treasury Secretary Robert Rubin states that SINOPEC has 80 subsidiaries and employs 700,000 people.²⁶⁵

In mid-October 1995, Huaren Sheng led a 10-person delegation from China Petrochemical to the United States apparently seeking to explore cooperative agreements with U.S. companies. According to a briefing paper prepared for Energy Secretary O'Leary, the delegation had planned to meet with officials from "ARCO, AMOCO, DuPont, Dow, Honeywell and Phillips."²⁶⁶

Documents produced to the Committee, as well as depositions of officials at the Treasury Department who met with Sheng, indicate the purpose of the trip. SINOPEC was making plans to expand its purchases of high-sulfur crude oil from Saudi Arabia in the coming years, but it lacked refining capacity to process the oil. The SINOPEC executives were seeking long-term financing or cooperative agreements to expand their capacity.

China Petrochemical's plight was spelled out in a letter Chung received from Yao Mu-Chao of SINOPEC's Planning and Research Division in December 1995:

"We have received your Nov. 21 letter to our President Mr. Sheng and he had asked me to be in charge of this issue to discuss with you the processing of crude oil from the Saudi Arabia.

As you are aware of, the resources of crude oil from China is not sufficient for China's growing demand. For the next several years, we would still need to purchase crude oil from other countries. With reasonable terms and conditions, we would like to steadily purchase from Saudi Arabia. The only concern is that Saudi Arabia crude oil contains a high volume of sulfur that we would need to

²⁶³ Id.

²⁶⁴ DOE00465

²⁶⁵ Treasury 00000199.

²⁶⁶ DOE00465

special process before it can be used by our refineries. At the present moment, SINOPEC's refineries are not equipped to process a large volume of crude oil.

According to our initial calculation, it is possible for us to process eighty million tons of crude oil within ten years. We wish to make arrangements such that for the first 5 years of purchase, SINOPEC can delay payment on one million tons of crude oil purchase every year. SINOPEC will use the capital to concentrate on developing and reconstructing a few refineries. ... We would like to thank you again for your help and hard work on bridging SINOPEC and the US businesses."²⁶⁷

Following a familiar pattern, Chung went to the DNC to try to arrange high-level meetings at the White House, the Energy Department, and the Treasury Department. As in previous instances, DNC Chairman Donald Fowler and DNC Finance Director Richard Sullivan were aggressive in helping Chung arrange these meetings. At this point, Chung had given more than \$260,000 to the DNC.²⁶⁸

On Tuesday, October 17, Chung appeared at DNC headquarters armed with copies of China Petrochemical's annual report.²⁶⁹ He also brought with him personal letters to Energy Secretary Hazel O'Leary and Treasury Secretary Robert Rubin asking them to meet with Mr. Sheng. The same day, the DNC faxed letters from Don Fowler to O'Leary and Rubin, calling Chung "one of the top supporters of the Democratic National Committee," and asking them to meet with Huaren Sheng.²⁷⁰ Despite Richard Sullivan's stated reservations in March about helping Chung set up meetings for Chung's Chinese associates, the fax cover sheet to the Treasury Department bears Sullivan's name.²⁷¹

Chung also sought a meeting with Education Secretary Richard Riley, but was unsuccessful. Riley wrote to Chung on October 17, explained that he was unable to meet with Sheng, but offered a meeting with Undersecretary Mike Smith in his place.²⁷²

²⁶⁷ JCH13935.

²⁶⁸ FEC Internet Records - www.tray.com/fecinfo/.

²⁶⁹ Deposition of Wilson Golden, Pgs. 11-12.

²⁷⁰ DOE00375, JCH517, Treasury 00000166-168.

²⁷¹ Treasury 00000166-168.

²⁷² JCH13055.

Ultimately, Chung secured a meeting for the Sheng delegation with Secretary O'Leary and a White House tour on October 19, a brief meeting with the President for the SINOPEC delegation that evening at the Africare dinner, and a meeting with Deputy Secretary of the Treasury Lawrence Summers on October 23. The trip to the Energy Department ignited a controversy over whether access to Secretary O'Leary had been exchanged for a \$25,000 contribution to her favorite charity, Africare.

2. Hazel O'Leary, Africare and the U.S. Department of Energy:

On Tuesday, October 17, while Chung was at the DNC enlisting Don Fowler's assistance for the China Petrochemical delegation, he had a chance meeting with lobbyist Wilson Golden.²⁷³ Golden was a consultant for ICF Kaiser, an international engineering firm with large contracts with the Department of Energy. Golden had been asked by Secretary O'Leary on October 5 to help raise money for the upcoming Africare dinner.²⁷⁴ O'Leary was an honorary chairwoman of the dinner, and was being pressed by its organizers to help raise funds for it.²⁷⁵ Golden and Chung met later that day at the Army-Navy Club. The sequence of events that followed led to a flurry of accusations of selling access to Secretary O'Leary and spawned a Justice Department investigation.

On August 19, 1997, NBC Nightly News and Dateline NBC aired an interview of Chung by Tom Brokaw. Brokaw questioned Chung about his efforts to get a meeting with then Secretary O'Leary.

Brokaw: You had some other Chinese friends come who were in the petrochemical business.

Chung: Yes, sir.

Brokaw: You wanted to see Hazel O'Leary, who was then the Energy Secretary.

Chung: Yes, sir.

²⁷³ Deposition of Wilson Golden, Pgs. 10-11.

²⁷⁴ Id. , Pgs. 21-24.

²⁷⁵ DOE00483, DOE00259.

Brokaw: You had a chance encounter with a lobbyist, who – someone who was working with Ms. O’Leary.

Chung: Yes, sir.

Brokaw: And they knew that she had a favorite charity. It’s Africare, is that the name of it?

Chung: Yes, sir.

Brokaw: So what did they suggest to you?

Chung: They can set it up, a meeting, for us. It would be nice if you make a donation to Africare.

Brokaw: Were you surprised when someone could get you in to see Hazel O’Leary if you would write a check to her favorite charity?

Chung: I begin to understand a little bit, but I am still a little bit surprised.

Brokaw: Yeah. Who picked up the check?

Chung: There’s one gentleman, present himself as the Energy Department official, and said I’m here to pick it up, the \$25,000 check.

Brokaw: This is the check?

Chung: This is the check.

Brokaw: To Africare?

Chung: To Africare.

Brokaw: A charity that the Energy Secretary supports, she sends over somebody from the Energy Department to pick it up, and you get a meeting with her with a very prominent Chinese petrochemical official.

Chung: Yes.²⁷⁶

Chung repeated the allegation to the *Los Angeles Times*. In an interview, Chung told the *Times* that Golden referred him to the Director of the Energy Department's Office of Economic Impact and Diversity, Corlis Moody. Chung told the *Times* that Moody agreed to set up the meeting with Secretary O'Leary, and asked him to contribute \$25,000 to Africare in return:

"In Moody's office, Chung asked to arrange a Sheng-O'Leary meeting and said that he was told 'no problem.'

"In an interview with the *Times* last month, Chung said Moody immediately added: 'It would be nice if you provide a donation to Africare.' Although Chung was not familiar with the charity, he said he was willing to donate if it meant he could confirm a meeting for the visiting Chinese oilmen.

"'I asked, how much? and she said \$25,000 for a table' at a fund-raising dinner the next night, Chung said."²⁷⁷

When Golden and Chung met at the Army Navy Club, Golden was most interested in setting up a meeting between ICF Kaiser, his client, and SINOPEC.²⁷⁸ However, according to Golden, Chung was most interested in talking about himself and showing pictures.²⁷⁹ Golden was able to briefly discuss the Africare dinner, and mentioned that the event would cost \$25,000 per table. He told Chung that both O'Leary and President Clinton would be there.²⁸⁰ Golden then gave Chung Corlis Moody's name and phone number and told him to contact her.²⁸¹ Golden contacted Moody after his meeting to tell her to expect a call from Chung.²⁸²

²⁷⁶ NBC News Transcripts, NBC Nightly News, August 19, 1997.

²⁷⁷ Rempell, William, and Alan Miller "Donor's Claim of Altered O'Leary Letter Investigated," *Los Angeles Times*, September 22, 1997.

²⁷⁸ Deposition of Wilson Golden, Pg. 17.

²⁷⁹ Id., Pgs. 19-20.

²⁸⁰ Id., Pg. 27.

²⁸¹ Id.

²⁸² Id. at p. 26.

Moody testified that she had two phone conversations with Chung that afternoon. She believes that she was first contacted by Chung about an hour after her call from Golden.²⁸³ Moody denies that she asked Chung to contribute to the Africare dinner. She stated that Chung volunteered to buy a table for the Africare dinner and asked that she help him- make the arrangements. Chung also asked for a meeting with Secretary O'Leary.²⁸⁴ Moody told Chung that she would work on both requests.²⁸⁵

An hour or two later, Moody received another phone call from Chung. Chung wanted to know whether the meeting with the Secretary had been scheduled. Moody told him it had not. Chung also told her that he needed a formal, signed letter confirming the meeting with the Secretary. Moody testified that she tried to explain to Chung that he could not get a letter that night confirming a meeting that had not been scheduled.²⁸⁶

Moody described the conversation as being very long, starting when the sun was up, and ending after the sun had gone down. She stated that Chung was agitated and persistent.²⁸⁷ The SINOPEC delegation was in Houston, with plans to travel to Chicago. Chung was seeking a firm commitment of a meeting before asking the group to change their travel plans.²⁸⁸

In the end, Moody says that she agreed to fax a draft letter to Chung. She typed a letter while she was on the phone with him and faxed it to him.²⁸⁹ The contents of this letter have been hotly disputed, and have become the subject of a Justice Department investigation into possible evidence tampering.²⁹⁰

According to Chung, the letter was a draft letter with three paragraphs from O'Leary to Huaren Sheng. It welcomed him to the U.S., invited him to a meeting with her at the Energy Department, and included a paragraph inviting him and his delegation to the Africare dinner, where they could meet the President.²⁹¹

²⁸³ Deposition of Corlis Moody, Pg. 54.

²⁸⁴ Id., Pgs. 54-55.

²⁸⁵ Id., Pg. 57.

²⁸⁶ Id., Pgs. 60-61.

²⁸⁷ Id., Pgs. 61-62.

²⁸⁸ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

²⁸⁹ Deposition of Corlis Moody, Pgs. 61-62.

²⁹⁰ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

²⁹¹ Id.

Such a letter would have run afoul of the rules governing the conduct of executive branch employees. Such officials may not use official resources to promote charitable activities, and may not use official letterhead to promote non-official events.²⁹²

Moody's testimony about the letter is confused, at best. In her deposition, she recalls writing a letter from herself to Chung, not a letter from O'Leary to Sheng.²⁹³ Later, when Justice Department investigators asked her to search her computer files for the letter, she was unable to locate it. Eventually, her secretary located a disk in her office which contained a letter, but it was a letter to Huaren Sheng, unsigned, from Secretary O'Leary.²⁹⁴

The accounts of Chung and Moody about what happened the next day again conflict.

Chung told the *Los Angeles Times* that he called Moody early the next morning, requesting a formal, signed version of the letter, and it was faxed to him about 9:30 a.m.²⁹⁵

Documents produced by the Department of Energy tend to corroborate Chung's assertion. The Department produced a copy of an autopen authorization form dated October 18, 1995.²⁹⁶ At the top of the document, there is a handwritten note with the number assigned to this request and "9:00 a.m."²⁹⁷ This time is consistent with when Chung claims to have received the fax.

Chung went on to state that later that morning, while he was still in his bathrobe, an Energy Department employee arrived at his apartment. Chung stated that the employee requested the check for the Africare dinner, and both faxes Chung had received.²⁹⁸ The employee told Chung that the Energy Department's General Counsel considered the letter improper.²⁹⁹ Chung said that he gave the courier the check for \$25,000 and both faxes, saying, "I don't care, as long as my guy gets his meeting."³⁰⁰

²⁹² DOE00013-14.

²⁹³ Deposition of Corlis Moody, Pg. 67.

²⁹⁴ Id., Pg. 68.

²⁹⁵ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

²⁹⁶ DOE0058-59.

²⁹⁷ Id.

²⁹⁸ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997."

²⁹⁹ Id.

³⁰⁰ Id.

According to Moody, Chung arrived unannounced at the Energy Department that morning to ask if the final letter from O'Leary was ready yet. Moody informed Chung that it was not. Chung asked if he could wait for it, but Moody advised him that he should not and that she would contact him when the letter was done.³⁰¹

Moody stated that Johnny Chung called her again later that day, still inquiring about the status of the letter. However, she said that during this call, Chung insisted that she help him get the SINOPEC delegation into the White House to meet the President, and that if she did not, he would not make the Africare contribution. This made Moody angry, they argued, and she eventually hung up on him.³⁰²

Department of Energy employee Howlie Davis was in Moody's office at the time of this conversation. At this point, they discussed getting the faxed letter back from Chung:

A. "I think Mr. Davis and I both looked at each other. I mean, he's watching me on the phone the whole time, he can hear my side of the conversation. And I think we both went, this guy, we can't deal with this guy. We need to get that letter back, because Howlie was with me the night when I faxed the letter."³⁰³

* * *

Q. "And why did you feel like you needed to get that letter back?"

A. "Well now, I think that I'm recognizing that Mr. Chung is not who we think Mr. Chung is. I'm thinking Mr. Chung is a DNC trustee interested in facilitating an arrangement for a Chinese delegation to meet with the Secretary of Energy, to go to an Africare dinner; and at this point, having just had that conversation, I'm not sure who I'm dealing with. And I am already — I have sent him a letter in writing suggesting that I'm working on getting him both of his requests, and this guy is not who I thought he was."³⁰⁴

³⁰¹ Deposition of Corlis Moody, Pgs. 73-75.

³⁰² Id., Pgs. 81-83.

³⁰³ Id., p. 92

³⁰⁴ Id., Pg. 93.

Later that afternoon, Chung called Moody back to apologize, and she accepted his apology. She agreed to continue working to arrange the meeting with O'Leary.³⁰⁵ At this point, the SINOPEC delegation had received the two faxed versions of the letters from Chung, and was en route to Washington.³⁰⁶

Moody further testified that Howlie Davis told her that he had gone to pick up the \$25,000 check for Africare, as well as the letter that Moody faxed to Chung. However, Davis said that he did so the morning of Thursday, October 19, not Wednesday, October 18, as alleged by Chung.³⁰⁷

The letter produced to the Committee in response to its subpoena is an October 18 letter from O'Leary to Sheng. It has only two paragraphs, and there is no mention of the delegation joining O'Leary and the President at the Africare dinner.³⁰⁸ According to the *Los Angeles Times*, Chung told Justice Department investigators that the letter was altered from the version he received.³⁰⁹

On December 4, 1997, the Committee deposed Hazel O'Leary. O'Leary testified that she did not solicit the \$25,000 contribution from Chung. She explained that it was not until August 1997, almost two years later, that she even knew Chung was involved in any way with the meeting with Huaren Sheng, whom she had met once before in China.³¹⁰

In August 1997, O'Leary learned that NBC Nightly News was preparing a story about her and Chung's \$25,000 donation to Africare. O'Leary then contacted Moody, who informed her about Chung, the donation to the Africare event and his connection with Huaren Sheng.³¹¹ Prior to this conversation with Moody, O'Leary said that she was not aware that Chung had contributed \$25,000 to the Africare event. She stated that the letter to Huaren Sheng was autopenned, and that she had not seen it at the time.³¹²

³⁰⁵ Id., Pgs. 84-85.

³⁰⁶ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

³⁰⁷ Id. at pp. 122-124.

³⁰⁸ DOE00059.

³⁰⁹ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

³¹⁰ Deposition of Hazel O'Leary, Pgs. 78-88.

³¹¹ Id.

³¹² Id., Pgs. 94-95.

O'Leary also testified during her deposition that, when interviewed by the Department of Justice, she was shown a draft of a letter from her to Huaren Sheng. She stated that the letter welcomed him to the United States and invited him to meet with her at the Department of Energy.³¹³ She then stated:

"It went on in very bizarre language to say I am inviting you to attend a, I can't remember, an event at the hotel with the President of the United States. ..."

"Now, I want to be clear there was no mention of Africare and there was no mention of the sum \$25,000 in this draft letter that was shown to me."³¹⁴

Hauren Sheng and the SINOPEC delegation arrived at the Energy Department and met with O'Leary between 3:30 and 3:45, according to O'Leary's schedule.³¹⁵ By all accounts, the meeting was unremarkable.

The delegation then went on to the White House for a White House tour. White House WAVES records indicate that Chung entered the White House at 4:30 p.m. He was admitted by Evan Ryan, the assistant to the First Lady's Chief of Staff.³¹⁶ While they were there they were introduced to Presidential aide George Stephanopoulos.³¹⁷

By the time the SINOPEC delegation arrived at the Africare dinner, Chung still had not arranged for them to meet the President. According to Moody, Chung encountered her at the reception and pleaded with her to help him get to see the President. Moody was not able to assist him.³¹⁸ Chung also encountered lobbyist Wilson Golden, who had first mentioned the Africare dinner to him at the beginning of the week. Chung also enlisted Golden's help. Golden introduced Chung to a DNC employee by the name of Carol Willis, whom he asked to help Chung. In his deposition, Golden said, "I basically sort of turned it over to Carol, who apparently arranged the meeting."³¹⁹

³¹³ Id., Pgs. 98-99.

³¹⁴ Id.

³¹⁵ DOE00437-438

³¹⁶ WAVES at EOP 005032.

³¹⁷ Rempel, William, and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated", *Los Angeles Times*, September 22, 1997.

³¹⁸ Deposition of Corlis Moody, Pgs. 109-110.

³¹⁹ Deposition of Wilson Golden, Pg. 37.

According to the *Los Angeles Times*, Chung pushed his way to the front of a receiving line and asked the President to meet the delegation.³²⁰ A private meeting was arranged in a deserted ballroom where there was only a handful of presidential aides, security personnel and a White House photographer.³²¹ Chung recalls Clinton saying “Johnny is a good friend [who has been] doing good things for the United States and China.” The President also thanked Sheng, for what Chung believes was his help to Chung in his efforts to free Harry Wu. Pictures were taken and the brief encounter was over.³²²

The Chinese delegation left before the dinner to depart for Chicago.³²³ According to Chung, O’Leary later came by his table to thank him for his support.³²⁴ At one point during the dinner, Chung stopped at the table where Corlis Moody was sitting. He was elated. Moody described the encounter this way:

*“He comes up to my table and again grabs me. This time I am sitting. He kisses me on the cheek and says, thank you, thank you.” ... I said, you are welcome. I am so glad everything worked out, that sort of thing. He says to my husband, you have the best wife in the world. She has done this wonderful thing for me, and on and on and on.” ... “Then he goes and sits down. I never see him again.”*³²⁵

On December 2, the Justice Department terminated its preliminary investigation to determine if an independent counsel should be appointed for Mrs. O’Leary. In her announcement, Attorney General Reno stated, “The investigation developed no evidence that Mrs. O’Leary had anything to do with the solicitation of the charitable donation.”³²⁶

The Attorney General’s notice to the court also stated that, “These circumstances, and whether there may have been some unlawful conduct by some participants, warrant further investigation by the Department of Justice.”³²⁷

³²⁰ Rempel, William, and Alan Miller, “Donor’s Claim of Altered O’Leary Letter Investigated”, *Los Angeles Times*, September 22, 1997.

³²¹ Id.

³²² Id.

³²³ Id.

³²⁴ Id.

³²⁵ Deposition of Corlis Moody, Pg. 111.

³²⁶ Department of Justice, “Notification to the Court of Results of Preliminary Investigation,” December 2, 1997.

³²⁷ Id.

3. U.S. Department of the Treasury:

On Monday, October 23, 1995, the China Petrochemical delegation returned to Washington for a meeting at the Treasury Department and a U.S.-China Business Council lunch.³²⁸ Despite DNC Co-Chairman Don Fowler's letter to Secretary Robert Rubin, Rubin was apparently unable to meet with Sheng.³²⁹ On Friday, October 20, Fowler sent a letter to then-Under Secretary for International Affairs Lawrence H. Summers, asking Summers to meet with Sheng.³³⁰ Summers agreed.

Summers was joined at the Monday morning meeting by Todd W. Crawford, then the Director of the Office of East and South East Nations, Todd T. Schneider, who was at the time an international economist for the Department, and James H. Fall, then the Deputy Assistant Secretary for Developing Nations. Schneider, Fall, Crawford and Summers were deposed by the Committee in December 1997.

At the meeting, Sheng inquired about receiving long-term, low-interest loans from the U.S. Government to finance energy development projects. Schneider recalls Chung pulling him aside before the meeting and informing him that Sheng wanted to ask for "a concessional loan from the Treasury Department to finance energy development projects in west to northwest China."³³¹

Schneider recalls the meeting this way:

"I believe Mr. Sheng was talking about the need for energy in the context of China's growing economy, and at some point Mr. Sheng raised the issue or made the request of a loan from the Treasury Department to finance these energy development projects in west to northwest China.

"I don't recall the exact words. Mr. Summers' response was that the Treasury Department did not make loans of this kind; that we had no funds for this purpose

³²⁸ Treasury 00000199.

³²⁹ DNC 1786470.

³³⁰ DNC 1786467.

³³¹ Deposition of Todd Schneider, Pg. 22.

and it wasn't the function of the Treasury Department in the U.S. to make these kind of loans."³³²

Notes taken by Crawford during the meeting reflect the conversation: "*during next 5 year plan — will expand factories. Wants l-t low i. loan.*"³³³

Schneider also recalls that either Sheng or Chung asked Summers if the Treasury Department could use its influence with U.S. banks to convince them to make such loans to SINOPEC. Summers informed them that the Treasury Department did not do that.³³⁴

One official present at the meeting recalled it being suggested that Sheng contact the U.S. Export-Import Bank for financial assistance.³³⁵ Mr. Crawford's notes indicate that someone at the Treasury Department attempted to set up a meeting for the delegation with the Chairman of the Export-Import Bank, but that he was not in town.³³⁶

4. Lynn Cutler and the Back to Business Committee:

In February 1996, Chung was still attempting to help SINOPEC in its efforts to import more Saudi Arabian oil.

According to press reports, Chung was referred to former DNC Vice-Chairwoman Lynn Cutler by Maggie Williams in December 1995.³³⁷ He chatted with her at a White House Christmas party, and on February 2, 1996, Chung contributed \$25,000 to the "Back to Business Committee," an organization run by Lynn Cutler.³³⁸ The mission of the Committee was to launch a media campaign to defend the President and First Lady against Whitewater-related charges.³³⁹

³³² Id., Pgs. 23-24.

³³³ Treasury 00000197.

³³⁴ Deposition of Todd Schneider, Pg. 24.

³³⁵ Id., 24-28.

³³⁶ Treasury 00000197.

³³⁷ Rempel, William and Alan Miller, "Donor Speaks Out on Clinton Group Fund-Raising: Private committee did favors, had White House ties, Chung's lawyer says." *Los Angeles Times*, August 9, 1997.

³³⁸ BTB 00614.

³³⁹ Rempel, William and Alan Miller, "Donor Speaks Out on Clinton Group Fund-Raising: Private Committee did favors, had White House ties, Chung's lawyer says." *Los Angeles Times*, August 9, 1997.

Chung also claims that he used his relationship with Cutler to gain a meeting with a Commerce Department official, who discouraged him from investing in a petroleum business venture.³⁴⁰

On February 7, 1996, Chung sent a letter to Lynn Cutler apologizing for the delay in his support for President Clinton and the First Lady.³⁴¹ He enclosed a copy of his correspondence with SINOPEC and requested a series of favors indicating that he was still hard at work on SINOPEC's behalf. He requested:

- (1) a meeting with Ron Brown,
- (2) a meeting with the U.S. Ambassador and other officials in Saudi Arabia, and
- (3) that Cutler discuss the oil issue with the President.³⁴²

In the letter, Chung referred to a discussion with the President about his efforts on behalf of SINOPEC during the White House Holiday Reception.³⁴³

Chung also used his relationship with Ms. Cutler to schedule a meeting in Beijing with Former Senator Jim Sasser (D-TN), now the ambassador to the Peoples Republic of China. On March 8, 1996, Ambassador Sasser sent a fax to Lynn Cutler at the Kamber Group. He said that Chung visited his office when he was not available. He informed Cutler that he was searching Beijing hotels for Chung in an effort to set up a meeting.³⁴⁴

5. Conclusion:

On October 13, 1997, SINOPEC announced "an agreement with Exxon and Aramco of Saudi Arabia for a joint feasibility study for a refinery and petrochemical complex in East China's coastal province of Fujian which will involve a total investment of three billion U.S. dollars."³⁴⁵ A *Xinhua News Agency* article continued: "After completing the project, Fujian will become a 10-million-ton refinery center for processing high-sulfur crude oil with an annual capacity of

³⁴⁰ Id.

³⁴¹ BTB00563.

³⁴² Id.

³⁴³ Id.

³⁴⁴ JCH13433.

³⁴⁵ "Chinese Vice Premier, Exxon CEO Discuss Petrochemical Pact," *Xinhua News Agency*, October 17, 1997.

manufacturing 600,000 tons of Ethylene.”³⁴⁶ There are apparently two other joint ventures planned between SINOPEC and Exxon.³⁴⁷

Liu Chao-Ying and China Aerospace International Holdings

1. Introduction:

On May 15, 1998, the *New York Times* reported that Chung admitted to Justice Department investigators that, “a large part of the nearly \$100,000 he gave to Democratic causes in the summer of 1996 -- including \$80,000 to the Democratic National Committee -- came from China’s People’s Liberation Army through a Chinese Lieutenant Colonel and aerospace executive” named Liu Chao-Ying.³⁴⁸ This appears to be the first time that a major figure in the campaign finance scandal has agreed to cooperate with the Justice Department. It also appears to be the first time that a high-profile witness has provided corroboration of Chinese government efforts to influence U.S. elections.

Documents and testimony obtained by the Committee indicate that Liu traveled to the United States twice in 1996 in coordination with Chung. The Committee’s investigation has determined that there were at least two areas where Chung was attempting to assist Liu; 1) meeting with representatives of the U.S. aerospace industry to discuss the purchase of aircraft parts, and 2) raising capital in U.S. financial markets. Whether they had anything to show for their efforts will remain an open question until either Chung or Liu agrees to cooperate with the Committee’s investigation.

Liu Chao-Ying is the Vice President of China Aerospace International Holdings, Ltd., a Hong Kong-based subsidiary of China Aerospace Corporation.³⁴⁹ China Aerospace is a Chinese government-owned corporation that deals in satellite technology, missile sales, and satellite launches. A second business card produced to the Committee lists Liu as President of CASIL Import & Export Co., Ltd.,³⁵⁰ a Hong Kong subsidiary of China Aerospace. She is the daughter of

³⁴⁶ Id.

³⁴⁷ Id.

³⁴⁸ Gerth, Jeff, David Johnston, and Don Van Natta, “Democratic Fund-Raiser Said to Detail China Tie,” *New York Times*, May 15, 1998.

³⁴⁹ JCH14321

³⁵⁰ JCH14273.

retired People's Liberation Army (PLA) General Liu Huaqing.³⁵¹ In 1996, General Liu was the Vice Chairman of the Central Military Commission, and reportedly oversaw the Chinese army's modernization program. He was also a member of the Standing Committee of the Politburo of the Communist Party."³⁵²

Another subsidiary of China Aerospace, China Great Wall Industries, is involved in the commercial launch of satellites aboard Chinese-built rockets.³⁵³ China Great Wall is at the center of a growing controversy over whether U.S. ballistic missile technology was illegally transferred to China.

In February 1996, a March III rocket built by China Great Wall Industries exploded shortly after lift-off, destroying a commercial communications satellite built by Loral Space Systems.³⁵⁴ The resulting review of the crash by U.S. aerospace companies led to accusations of an unauthorized transfer of missile technology to China that is now the subject of a criminal investigation.

This matter is also under investigation by the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China.

2. Overseas Wires and Contributions:

Chung's bank accounts and his record of contributions to the DNC tend to corroborate the account first published by the *New York Times*. In July and August 1996, Chung received three wire transfers from Hong Kong totaling \$290,000. Between July and September 1996, Chung contributed a total of \$90,000 to the DNC.

The wire transfers initiated from a Hong Kong bank account controlled by Chung. They arrived in the following order:

- July 15, 1996: \$190,000³⁵⁵

³⁵¹ Gerth, Jeff, David Johnston, and Don Van Natta "Democrat Fund-Raiser Said to Detail China Tie," *New York Times*, May 15, 1998.

³⁵² Id.

³⁵³ CRS Report 98-485, Pg. 2.

³⁵⁴ Associated Press, "Defective Guidance System Caused Satellite Explosion," March 2, 1996.

³⁵⁵ N0220

- August 15, 1996: \$20,000³⁵⁶
- August 15, 1996: \$80,000³⁵⁷
- Total: \$290,000**

³⁵⁶ Sumitomo 001.

³⁵⁷ CalFed001.

Due to a lack of cooperation from the Chinese government, the Committee has been unable to determine how these funds initially arrived in Chung's Hong Kong account. This is one of a number of examples of how the lack of cooperation by foreign governments, especially China, has stymied the Committee in its efforts to uncover the true origins of millions of dollars that were wired into the United States and linked to political contributions.

Chung's donations to the DNC³⁵⁸ over the same time period follow:

•	July 19, 1996:	\$20,000
•	July 19, 1996:	\$25,000
•	Sept. 24, 1996:	\$10,000
•	Sept. 24, 1996:	\$20,000
•	Sept. 24, 1996:	\$ 5,000
•	Sept. 27, 1996:	\$10,000
	Total:	\$90,000

Chung's relationship with Liu Chao-Ying followed a familiar pattern. He wrote a letter of invitation to facilitate the acquisition of a visa. He formed a company with her that never appeared to do any business. He made contributions to open doors. He escorted her to fundraisers and meetings with Federal officials.

3. July 1996 - The Eli Broad Fundraiser:

It is not known when Chung and Liu first met. Her first known visit with him in the U.S. came in July 1996. She was Chung's guest at a July 18 DNC fundraiser at the home of Los Angeles real estate magnate Eli Broad. President Clinton was in attendance. Chung listed Liu among his guests in a July 16, 1996 letter to the DNC.³⁵⁹ Chung brought another Chinese businessman to the same event--Yat Hung Yiu, President of China Medical Development and New Silver Eagle Holdings, Inc.³⁶⁰

³⁵⁸ FEC Internet Records - tray.com/fecinfo/, JCH1603, JCH16306

³⁵⁹ JCH15017.

³⁶⁰ Id.

A second DNC fundraiser was held that night in Los Angeles at the Beverly Hilton. Chung's correspondence with Karen Sternfeld at the DNC shows that he brought a larger group of Chinese and Chinese-American associates to this reception.³⁶¹

It is instructive, but not conclusive, that Chung received a \$190,000 wire from Hong Kong three days before the event, and contributed \$45,000 to the DNC one week after the event. Until the Committee is able to interview Chung and Liu, it will be unable to determine conclusively if the wire from Hong Kong was intended for political contributions.

During the July trip, Chung also arranged for Liu, as part of a larger group of people, to have lunch in New York with the Executive Vice President of the Federal Reserve Bank of New York -- Israel Sendrovic.³⁶² Sendrovic said that Chung introduced Liu as the daughter of "the head of" the People's Liberation Army, but did not recall discussing business matters with her.³⁶³

4. August 1996 — Liu's Second Trip:

In August, Liu returned to the United States at Chung's invitation. On August 18, 1996, Chung wrote to Liu, inviting her to visit the U.S. As Chung's assistant, Irene Wu, testified, Chung frequently wrote letters of invitation to his Chinese associates to assist them in getting visas to come to the United States.³⁶⁴

The August 18 letter reads:

"I would like to invite you to visit the United States again regarding a couple of issues that we discussed before. First, I've made arrangement with the Federal Stock Exchange Commission and a professional investment broker to discuss the promotion of your company in the U.S. stock exchange. Since your last meeting with Mr. Sendrovic, Vice President of the Federal Reserve Bank of New York, I had several follow up conversations with him. He had also mentioned that he wished to meet with you again."

³⁶¹ Id.

³⁶² Deposition of Israel Sendrovic, May 5 1998, Pg. 40 and 41.

³⁶³ Id., p. 38-39.

³⁶⁴ Deposition of Irene Wu, Pg. 214.

"Second, I have contacted Boeing and McDonald (sic) Douglas regarding your interest of purchasing aircraft miscellaneous parts. They have agreed to meet with you and as soon as you inform me of your schedule, I will be able to make the appointment. Looking forward to seeing you again."³⁶⁵

Irene Wu met Liu at the airport in Los Angeles to drive her to her hotel. She said that Liu mentioned her interest in meeting with U.S. aerospace companies for the purpose of purchasing aircraft parts.³⁶⁶ Wu said that Liu Chao-Ying thought that Johnny Chung had connections at those companies.³⁶⁷

Wu also testified that Chung mentioned to her that he intended to help Liu list her company on a U.S. stock exchange.³⁶⁸

5. Senator Kerry and the SEC:

Shortly thereafter, Chung and Liu traveled to Washington and met with Senator John Kerry. Senator Kerry had contacted Chung "numerous times that summer because they were nearing the end of a tough campaign."³⁶⁹ According to press reports, Chung "was interested in learning how to clear the way for Chinese companies to get listed on U.S. stock exchanges."³⁷⁰

Chung visited Kerry's office in late August and met the Senator with "businessmen and several associates."³⁷¹ Chung asked for Kerry's assistance in setting up a meeting at the Securities and Exchange Commission. Chung claims that a letter was faxed to the SEC from Kerry's office while Chung was present.³⁷² That afternoon, he and his guests met with Brian Lane, Director of the SEC's Corporation Finance Division, and his deputy, Meredith Cross.

³⁶⁵ DOS 013146.

³⁶⁶ Deposition of Irene Wu, July 28, 1998, pp. 217-18.

³⁶⁷ Id.

³⁶⁸ Id., Pgs. 218-219.

³⁶⁹ Rempel, William, and Alan Miller, "Senator Received \$10,000 After Aiding DNC Donor," *Los Angeles Times*, December 24, 1997.

³⁷⁰ Id.

³⁷¹ Id.

³⁷² Id.

Lane and Cross did not remember what company those present at the meeting represented, but the SEC produced a Christmas card from Liu Chao-Ying of China Aerospace International Holdings, Ltd.³⁷³ Lane suspects that the card was sent by one of the meeting attendees.³⁷⁴ Both Lane and Cross recalled that the executives, at least one of whom was female,³⁷⁵ were interested in listing a Chinese company on U.S. stock exchanges. They asked about filing requirements, particularly whether they needed to file complicated “U.S. Generally Accepted Accounting Principals” (“GAAP”) reconciliation statements, which often show a company to be less profitable than other accounting methods.³⁷⁶ While the Chinese executives were interested in avoiding GAAP filing requirements, Lane and Cross agree that they did not specifically ask for a formal waiver.³⁷⁷

According to the *Los Angeles Times*, a Kerry aide called Chung a week *after* the SEC meeting and asked Chung to arrange a fundraising reception for Kerry.³⁷⁸ However, documents produced by Johnny Chung include a July 31, 1996 fax from Barbara Kaltenbach of the Kerry Committee to Johnny Chung, which reads as follows:

“The following are two ways in which you could be helpful to John:

- 1) Host an event in LA on Saturday Sept. 9th.
- 2) Contribute to the Massachusetts State Party.

Please contact me tomorrow and we can discuss it.”³⁷⁹

The reception was coordinated by Irene Wu and held on September 9, 1996 at the Peninsula Hotel in Beverly Hills.³⁸⁰ According to the story, “about a dozen people attended.”³⁸¹ The guests included four professional fundraisers, Chung and a few of Chung’s employees and business associates.³⁸²

³⁷³ SEC 1-2.

³⁷⁴ Deposition of Brian J. Lane, pp. 13 - 15.

³⁷⁵ Deposition of Meredith B. Cross, p. 15.

³⁷⁶ Deposition of Meredith B. Cross at pp. 19-21; 36-37; Deposition of Brian J. Lane at p. 17.

³⁷⁷ Deposition of Meredith B. Cross at pp. 36-37; Lane at p. 17.

³⁷⁸ “Senator Received \$10,000 After Aiding DNC Donor,” *Los Angeles Times*, December 24, 1997.

³⁷⁹ JCH15005-7.

³⁸⁰ JCH09631, JCH09735-7.

³⁸¹ Rempel, William and Alan Miller, “Senator Received \$10,000 After Aiding DNC Donor,” *Los Angeles Times*, December 24, 1997.

³⁸² Id.

Chung reimbursed three of his employees for their contributions, actually writing “SJ Kerry” on one of the reimbursement checks.³⁸³ Irene Wu testified that Chung asked her just before the event to write a \$2,000 check to Senator Kerry’s campaign, and he reimbursed her with a check.³⁸⁴ In Wu’s presence, Chung asked two other employees, Michael Lin and Steve Huang, to write checks for \$2,000. He reimbursed them as well.³⁸⁵

A shareholder in Chung’s company, Ernest Lee, also contributed \$2,000 to Kerry’s campaign at the reception. Chung’s bank records indicate that he reimbursed Lee the \$2,000 on the same day.³⁸⁶

In his March 16, 1998 guilty plea, Johnny Chung admitted to making illegal conduit payments to Senator Kerry’s campaign.³⁸⁷

6. Marswell Investment, Inc.:

On August 9, 1996, Johnny Chung and Liu Chao-Ying formed Marswell Investment, Inc. in the State of California.³⁸⁸ Of 100,000 shares, Chung received 20,000 and Liu received 30,000.³⁸⁹ The company lists the same Torrance, California address as Johnny Chung’s “blastfax” business, AISI.³⁹⁰ Public records indicate that a Certificate of Amendment was filed on June 4, 1997.³⁹¹

Documents produced by Chung to the Committee include a June 25, 1996 letter from a Los Angeles attorney regarding the incorporation of Marswell, indicating that Chung and Liu Chao-Ying were discussing the company prior to Liu’s July and August 1996 visits to the United States.³⁹²

³⁸³ JCH18180-90.

³⁸⁴ Deposition of Irene Wu, Pgs. 104-105.

³⁸⁵ *Id.*, Pgs. 106-108.

³⁸⁶ JCH18180-90.

³⁸⁷ Associated Press, “Fund-Raiser Chung Pleads Guilty,” *Washington Post*, March 17, 1998.

³⁸⁸ California corporate filings.

³⁸⁹ JC1272-3.

³⁹⁰ California corporate filings.

³⁹¹ *Id.*

³⁹² JCH13105.

The company's bank account records, also produced by Chung, indicate minimal activity from September 1996 through January 1997.³⁹³ That is consistent with Irene Wu's testimony that the companies formed by Johnny Chung and his overseas partners did not conduct business. Wu said that the purpose of those companies was to assist Chung's associates in procuring visas to enter the United States.³⁹⁴

Documents from Chung's blastfax business, AISI, indicate that Liu was an AISI shareholder. While the notes on the document are confusing, they appear to indicate that Liu owned 30 shares in the company valued at \$300,000.³⁹⁵ Whether this is part of the \$315,000 wired to Chung from Hong Kong in the summer of 1996 remains unclear.

Yat Hung Yiu and New Silver Eagle Holdings

When Johnny Chung escorted Liu Chao Ying to the July 18, 1996, DNC fundraiser at Eli Broad's house in Los Angeles, he was also accompanied by a second prominent Chinese national — Yat Hung Yiu.³⁹⁶ Like Liu Chao-Ying, it appears that Yat Hung Yiu was interested in raising capital on U.S. stock exchanges.

Yat Hung Yiu is the president of China Medical Development, a Chinese company that sought to establish a chain of drug stores across China. According to witness interviews,³⁹⁷ Yiu was interested in listing his company's stock on U.S. exchanges in order to raise capital.³⁹⁸

China Medical Development merged with a British Virgin Island company called Beautimate, which then merged with Natural Way Technologies, a U.S. company that already traded on the NASDAQ Electronic Bulletin Board.³⁹⁹

Yat Hung Yiu is also the president of a New York company named New Silver Eagle Holdings.⁴⁰⁰ New Silver Eagle Holdings is named as a "related party" to Natural Way

³⁹³ JC1355-1364.

³⁹⁴ Deposition of Irene Wu, 7/28/98, pp. 215, 220-21, 228-29, 248-49, 258-59.

³⁹⁵ JCH13704

³⁹⁶ JCH15017.

³⁹⁷ Staff interviews of Andrew Hanlon and Barry Sendrovic, February 24, 1998.

³⁹⁸ Id.

³⁹⁹ Staff interview of Andrew Hanlon, February 24, 1998.

⁴⁰⁰ JCH15030, JCH13426.

Technologies in an Arthur Anderson audit of Natural Way Technologies.⁴⁰¹ Both companies share common directors.⁴⁰² On September 30, 1996, New Silver Eagle Holdings paid Johnny Chung \$80,000.⁴⁰³ A New Silver Eagle Holdings employee recalled that Johnny Chung billed the company for translation and touring services.⁴⁰⁴

Chung also escorted Yat Hung Yiu to the President's Birthday Party fundraiser at Radio City Music Hall in New York on August 18, 1996.⁴⁰⁵ Another of Chung's guests at this fundraiser was Israel Sendrovic, the Executive Vice President of the Federal Reserve Bank of New York.

Yiu's company, New Silver Eagle Holdings,⁴⁰⁶ employed Sendrovic's son, New York attorney Barry Sendrovic, to help the company raise capital.⁴⁰⁷

Documents produced by a former New Silver Eagle Holdings employee include a "business introduction" that lists, as one of the company's strengths, Jiang Zeren as a "Senior Consultant" and "financial consultant."⁴⁰⁸ Jiang is identified as, "the cousin of Communist Party Chairman Jiang Zemin." Other senior consultants include Qian Xinzong, "a former head of the Ministry of Health"⁴⁰⁹ and Lin Minxue, "former head of the Ministry of Industry and Commerce."⁴¹⁰

In February 1997, Natural Way Technologies was featured in "Financial Discoveries," a promotional magazine. In one section, entitled, "Jackie Yiu: A Man With A Destiny," Yiu is pictured with President Clinton.⁴¹¹ The text reads, "Yiu travels in the highest circles and was chosen to deliver a greeting from the Chinese people to Clinton on his 50th birthday."⁴¹² Another page of the magazine features a picture of Yiu with Hillary Clinton.⁴¹³

⁴⁰¹ Hanlon 039114.

⁴⁰² Id.

⁴⁰³ CitiBank 1.

⁴⁰⁴ Staff interview of Fang Fang Miao, May 1, 1998.

⁴⁰⁵ JCH15030.

⁴⁰⁶ CitiBank 2-4.

⁴⁰⁷ Staff interview of Barry D. Sendrovic, February 25, 1998.

⁴⁰⁸ Hanlon 039150.

⁴⁰⁹ Id..

⁴¹⁰ Hanlon 039153.

⁴¹¹ Hanlon 039177.

⁴¹² Id.

⁴¹³ Hanlon 039185.

Chung's correspondence to Mr. Yiu's office indicates that Yiu is based in Hong Kong.⁴¹⁴ In an August 12, 1996 letter to Yiu's secretary, Chung states that he has arranged for Yiu to attend the President's 50th birthday party celebration, as well as a meeting the next day with Israel Sendrovic. Chung also states that he has set up meetings with unnamed individuals at the Departments of Commerce and Agriculture.⁴¹⁵ The letter refers to previous meetings arranged by Chung with the Secretary of Agriculture and Sendrovic.⁴¹⁶

In his deposition, Sendrovic confirmed that he met Yiu and Chung at his office on August 19, 1996.⁴¹⁷ Sendrovic said that Chung offered to bring pictures of Sendrovic taken at the President's birthday event the previous evening.⁴¹⁸ Sendrovic said that Yiu accompanied Johnny Chung and discussed his intention to open an office in the World Trade Center.⁴¹⁹ Sendrovic denied having any knowledge of Yiu meeting anyone at the Departments of Commerce or Agriculture.⁴²⁰

On October 5, 1996, Johnny Chung again wrote to Yiu's secretary in Hong Kong, referring to previous meetings between Yiu and Sendrovic and Yiu and Transportation Secretary Pena.⁴²¹ The letter indicates that Chung planned the following events for Mr. Yiu:

October 20 - To join the party at New York with President Clinton.

October 22 - Meeting with Mr. Israel Sendrovic (Federal Reserve Bank) at New York.

October 25 - Department of Transportation and Federal Commission Exchange at D.C.⁴²²

Sendrovic testified that he did not remember meeting Yiu on October 22.⁴²³ He also denied any knowledge of meetings between Yiu and Secretary Pena or anyone at the Department of Transportation or the Securities and Exchange Commission (presumably what Chung referred to as the "Federal Commission Exchange").⁴²⁴

⁴¹⁴ DOS 013139-40.

⁴¹⁵ Id.

⁴¹⁶ Id.

⁴¹⁷ Deposition of Israel Sendrovic at p. 31.

⁴¹⁸ Id.

⁴¹⁹ Id.

⁴²⁰ Id.

⁴²¹ DOS 013140.

⁴²² Id.

⁴²³ Deposition of Israel Sendrovic at p. 33.

⁴²⁴ Id.

The same AISI shareholder report that mentions Liu Chao-Ying of China Aerospace also mentions “Y.F. Yao, who is the same person as Yat Hung Yiu.”⁴²⁵ The shareholder report states that Yiu purchased 10 shares of stock in AISI for \$100,000 in October 1996. It also mentions a personal loan of \$200,000 to Chung, and suggests that Yiu plans to purchase more stock in 1997.⁴²⁶

The shareholder report asserts that Yiu has a 10-year visa to visit the U.S.,⁴²⁷ which may offer an explanation as to why he and Chung never established a company together in Los Angeles. The report also states that Chung helped Yiu open his company in New York: “He owns a U.S. company that is publicly traded on the stock exchange. Interested in promoting large firms from China to be traded in U.S. stock. Wants to bring Disney World to China.”⁴²⁸

The stockholder reports for Liu Chao-Ying and Yat Hung Yiu suggest that Chung used \$200,000 he received from them to repay a debt he owed to another Chinese company, the Great Wall International Culture Company. The report attributes \$100,000 of that payment to New Silver Eagle Holdings/ Yat Hung Yiu and the remainder to Liu Chao-Ying of China Aerospace.⁴²⁹

The Great Wall International Culture Company

According to AISI records, a company called Great Wall International Culture Co., Ltd. (“GWICC”) purchased twenty shares of AISI stock for \$200,000 on February 10, 1996. A letter from Johnny Chung to GWICC was sent to the “Great Wall Organization Building” in Beijing.⁴³⁰

The Vice Chairman of the Board and General Manager of GWICC is Cui Baojian,⁴³¹ who was Johnny Chung’s guest at a September 21, 1995 Clinton/Gore fund-raising event in Los Angeles.⁴³² Chung’s assistant, Irene Wu, testified that Chung was introduced to Cui by Yei Jun

⁴²⁵ Staff Interview of Andrew Hanlon, June 10, 1998.

⁴²⁶ JCH13704.

⁴²⁷ Id.

⁴²⁸ Id.

⁴²⁹ Id.

⁴³⁰ JCH13739.

⁴³¹ JCH13739, JCH14312. Documents JCH14312 and JCH14313 also include business cards of Qian Chunyuan, Assistant to Chairman of the Board, GWICC; Chai Feng, GWICC and Cui Senmao, Chairman of the Board and General Manager of GWICC and Great Wall International Advertising Co., Ltd.

⁴³² JCH15023.

He of the Haomen Beer Group.⁴³³ Johnny Chung contributed \$20,000 in connection with that event, using his employees and their friends as conduits in order to avoid “hard money” restrictions placed on the event.

The exact date of an agreement between AISI and GWICC is unclear. While AISI shareholder records indicate that the \$200,000 payment was made by GWICC in February 1996, a letter from GWICC to Chung refers to the signing of a cooperation agreement and a \$200,000 payment from Hong Kong in November 1995.⁴³⁴ A letter from Chung to GWICC refers to a December 1, 1995 contract.⁴³⁵

Documentary evidence indicates that the relationship had gone sour by the end of 1996, and GWICC was seeking to have its money returned. Documents produced by Chung include a letter from a GWICC representative dated November 30, 1996.⁴³⁶ The letter’s unknown author expresses regret for a lack of contacts between the companies for almost a year and notifies Chung that GWICC intends to cancel their agreement.⁴³⁷ The letter explains that GWICC formed a business relationship with an American company called BOSSCO Unlimited and authorizes that company’s representative, Peter Chang, to collect the \$200,000 that GWICC initially invested in AISI.⁴³⁸

On December 26, 1996, Chung received another letter from GWICC, again authorizing Peter Chang to collect GWICC’s \$200,000 investment in AISI.⁴³⁹ The second letter threatens that Peter Chang is also authorized, “... if necessary, to file complaints with the appropriate agencies of the U.S. Government in order to protect our company’s interests.”⁴⁴⁰

Finally, on January 12, 1997, GWICC wrote to Chung expressing its intent to cancel its agreement with AISI.⁴⁴¹ Chung responded the next day, referring to the three letters from GWICC and a meeting with Peter Chang on January 10, 1997.⁴⁴² Chung agreed to return

⁴³³ Deposition of Irene Wu, Pg. 35.

⁴³⁴ JCH13742 (translation by GROC staff).

⁴³⁵ JCH13739.

⁴³⁶ JCH 13744-5 (translation by GROC staff).

⁴³⁷ Id.

⁴³⁸ Id.

⁴³⁹ JCH13743 (Translation by GROC staff).

⁴⁴⁰ Id.

⁴⁴¹ JCH13742 (Translation by GROC staff).

⁴⁴² JCH13739.

GWICC's investment in four monthly installments of \$50,000.⁴⁴³ Included in AISI documents are copies of four \$50,000 checks from AISI to GWICC and Peter Chang and a receipt signed by Peter Chang.⁴⁴⁴

In depositions, AISI employees Irene Wu and Nancy Lee testified that Peter Chang made threatening phone calls to Chung, and that Chung feared that Chang was involved in organized crime.⁴⁴⁵ Wu stated that Chung was afraid of Chang, and would not take his calls. She added that she wound up talking to Chang on the phone, and that Chang was very threatening:

A. "If Johnny doesn't come up with the money, then he knows where Johnny lives, and he'll make sure — he'll show Johnny. ... "He threatened that if Johnny doesn't come up with the money, that he knows where Johnny lives. He knows where his family and his daughters are, and he knows what Johnny's doing, and he — he'll tell others what Johnny's doing."

Q. "Did he threaten Johnny's life?"

A. "Yes."

Q. "Or the lives of his family members?"

A. "Yes."⁴⁴⁶

Peter Chang was contacted by Committee investigators in August 1998. He confirmed that he collected \$200,000 from Johnny Chung, but denied making any threats to do so.⁴⁴⁷ Mr. Chang said that Cui Baojian is a personal friend from China who owed him money.⁴⁴⁸ Chang said that Johnny Chung owed Mr. Cui \$200,000, and that Mr. Cui authorized Mr. Chang to collect the funds to be applied to Mr. Cui's debt to Mr. Chang.⁴⁴⁹

⁴⁴³ Id.

⁴⁴⁴ JCH13740-1.

⁴⁴⁵ Deposition of Irene Wu, Pg. 198.

⁴⁴⁶ Id., Pgs. 199-200.

⁴⁴⁷ Staff interview of Peter Chang, August 14, 1998.

⁴⁴⁸ Id.

⁴⁴⁹ Id.

Mr. Chang said that he does not know anything about Great Wall International Culture Company, other than knowing that his friend, Mr. Cui, is employed there.⁴⁵⁰ Mr. Chang denied having any involvement in organized crime.⁴⁵¹

Bin Liu & C.L. International, Inc.

Testimony from Chung's staff indicates that Chung had a relationship with more than one well-placed child of a Chinese general. It has been widely reported that Chung was associated with Liu Chao-Ying, the daughter of retired General Liu Huaqing. In her deposition testimony, Irene Wu stated that Bin Liu, a Chinese National whom Chung also escorted to DNC fundraisers, was also a General's son. She did not know the name of his father, but she said that Bin Liu was not related to Liu Chao-Ying.⁴⁵²

Business cards produced by Johnny Chung indicate that Bin Liu is the Vice Chairman of Yip's International Investment Holdings, Ltd.; Hotel Investor S.A.; and Y&D International investment (Hong Kong), Ltd.⁴⁵³ Liu's office is located in Hong Kong.⁴⁵⁴

According to Irene Wu, Bin Liu is a friend of Yei Jun He of the Haomen Group.⁴⁵⁵ Wu said that Bin Liu owns nightclubs and hotels in China, and is involved with the entertainment industry.⁴⁵⁶

Bin Liu attended the Clinton/Gore '96 fundraiser in Century City, California on September 21, 1995 with Chung's delegation.⁴⁵⁷ Bin Liu is also listed as one of Chung's guests for a DNC reception at the Beverly Hilton on July 18, 1996.⁴⁵⁸ Chung's other guests included Liu Chao-Ying of China Aerospace International Holdings, Ltd. and Yat Hung Yiu of China Medical Development Company.⁴⁵⁹

⁴⁵⁰ Id.

⁴⁵¹ Id.

⁴⁵² Deposition of Irene Wu, Pgs. 225-226.

⁴⁵³ JCH14345. See also, JCH14286, JCH14342-4 and JCH14346-7 for additional business cards with identical logo.

⁴⁵⁴ Id.

⁴⁵⁵ Deposition of Irene Wu, 7/28/98, p. 34-35.

⁴⁵⁶ Id., Pgs. 225-226.

⁴⁵⁷ JCH15023.

⁴⁵⁸ JCH15017.

⁴⁵⁹ Id.

According to records obtained by the Committee, Chung and Bin Liu formed C.L. International on July 26, 1996.⁴⁶⁰ The company's stated principal activity is international trade.⁴⁶¹ CL International issued 100,000 shares at \$1 per share.⁴⁶² Chung received 30,000 shares.⁴⁶³ Liu received 70,000 shares.⁴⁶⁴

On December 23, 1996, Chung sent notice to interested parties that he was resigning from his position at C.L. International. In his letter to Bin Liu, Chung said the following:

As we have discussed during your visit in November, I am hereby resigning I have assisted in the initial set up of your company but you have not kept your promise on the investment capital nor have I seen any business being conducted during the last six months⁴⁶⁵

Another December 23, 1996 letter from Chung to his attorney refers to the resignation letter to C.L. International and asks the attorney to remove Chung's name from corporate records.⁴⁶⁶ A travel itinerary for Liu indicates that he left Los Angeles on December 2, 1996, and arrived in Beijing the next day.⁴⁶⁷

Bank records for C.L. Information indicate that Bin Liu was bouncing large checks on the company's account. The company's account statements indicate that two checks totaling \$7,000 were written to cash on November 19 and 20, 1996.⁴⁶⁸ Three \$50,000 checks were returned for insufficient funds in December 1996.⁴⁶⁹ A \$70,000 check was returned on January 27, 1997.⁴⁷⁰

⁴⁶⁰ JCH13077, JCH13079. *But see*, JC 1289 ("start date" listed as 11/1/96).

⁴⁶¹ JC 1289.

⁴⁶² JC 1290, JC 1297-88, JCH13077.

⁴⁶³ JC 1287.

⁴⁶⁴ JC 1288.

⁴⁶⁵ JCH13088.

⁴⁶⁶ JC 1286.

⁴⁶⁷ JC 1277-8.

⁴⁶⁸ JC 1599-1602.

⁴⁶⁹ JC 1597.

⁴⁷⁰ JC 1610, JC 1619-20.

Irene Wu stated the following about Bin Liu:

Q. "Did he mention what type of trouble Bin Liu was in?"

A. First of all, Bin Liu — he didn't pay all the attorney fees that was owed to Winny Yang, and Johnny wasn't going to pay the attorney fee, so nobody was paying. I don't even know if CL International was officially formed or not. I wasn't sure because he disappeared for a long time and we couldn't find him. So Johnny felt he wanted to disassociate with him, and he felt he might be in some kind of financial trouble."

A. "Also, Johnny, being an officer with the company, he didn't want any liability and responsibility, so he resigned from CL."

Q. "It (the bank statement for C.L. Intl.) says check 108, 109, 110 were all for \$50,000. They were returned for insufficient funds in December 1996. Do you have any knowledge about those checks?"

A. "No. I think this is the trouble that Johnny was talking about, because we got the bank statement and saw the record, so Johnny figured he's writing checks. He's in financial trouble. He's writing checks and there's no money in the account."⁴⁷¹

The Homko Group and Honestwin, Ltd.

1. C.M. Information, Inc.:

Johnny Chung formed two companies with individuals connected to Homko International Finance (Holdings), Ltd. ("Homko"). Homko is reportedly a real estate development firm with projects in Shanghai and Hainan Province, as well as a \$25 million luxury villa project in Beijing.⁴⁷² Documents produced by Johnny Chung include several business cards from individuals related to Homko.⁴⁷³

⁴⁷¹ Deposition of Irene Wu, Pgs. 231-233.

⁴⁷² *China Daily*, June 7, 1993.

⁴⁷³ JCH14272-73, JCH17318, JCH17342.

On September 21, 1995, Chung brought several guests to a Clinton/Gore '96 fund-raiser. Chung's guests included Chinese Nationals Shi Jin Yu, Jian Qiao Wei and Hui Jie Li of a Hong Kong company called Honestwin, Ltd. ("Honestwin"). Documents produced by Johnny Chung include several business cards from individuals related to Honestwin.⁴⁷⁴

On December 27, 1995, Johnny Chung and Shi Jin Yu incorporated C.M. Information.⁴⁷⁵ The company issued 100,000 shares of stock at \$1 per share. Chung received 30,000 shares. Honestwin received 70,000 shares.⁴⁷⁶

On July 3, 1996, Johnny Chung wrote an invitation letter to Hui Jie Li, "Director and Manageress" of Honestwin Limited in Hong Kong.⁴⁷⁷ He referred to an earlier visit to the U.S. by Li, and wanted, "to discuss further the possibility of bringing AISI's telecommunication system to Hong Kong."⁴⁷⁸

On July 18, 1996 Shi Jin Yu accompanied Chung to a DNC fund-raising event at the Beverly Hilton.⁴⁷⁹ Also present were executives from China Aerospace Holdings and New Silver Eagle Holdings.⁴⁸⁰ Bin Liu, who formed C.L. International with Chung, also attended the event as Chung's guest.⁴⁸¹

On September 15, 1996 Yu purchased twenty shares of AISI for \$100,000 using funds wired to Chung from Homko.⁴⁸² According to an AISI shareholder report, Shi Jin Yu toured the White House, met Maggie Williams, met President Clinton in July 1996 and attended the Democratic National Convention in 1996 as Chung's guest.⁴⁸³

⁴⁷⁴ JCH14276, JCH14340, JCH14344, JCH14354.

⁴⁷⁵ JCH13169, JCH13173 - 5.

⁴⁷⁶ Id.

⁴⁷⁷ DOS 013154.

⁴⁷⁸ Id.

⁴⁷⁹ JCH15017.

⁴⁸⁰ Id.

⁴⁸¹ Id.

⁴⁸² JCH13705-6.

⁴⁸³ Id.

Wei Jian Qiao of Honestwin, Ltd. visited the United States in January 1997. Documents received by the Committee include a letter to Qiao from Yan Xie of CM Information, Inc.⁴⁸⁴ The letter mentions business discussions concerning “the project of importing 50,000 MT fishmeal from South America in 1997.”⁴⁸⁵

On February 17, 1997, Yan Xie of C.M. Information wrote to Shi Jin Yu at Honestwin, Ltd. Yu and an Honestwin accountant were invited to visit C.M. Information for the following reason:

“[F]or the business discussion ... of setting up a fuel station at China’s sea and cooperation in this project with partners. Now we are making contact with COSTCO about setting up a warehouse supermarket in Dalian, China. COSTCO would like to meet the President of C.M. Information for further discussion.”⁴⁸⁶

2. The Homlyn Group, Inc.:

In August, 1996, Chung set up a second California company with his associates from Honestwin. The Homlyn Group was incorporated on August 29, 1996.⁴⁸⁷ A November 29, 1996 California State filing lists Chung and Jing Wei Li as officers and directors of the corporation.⁴⁸⁸ The form indicates that the nature of the company’s business is international trading, real estate investment and investment development.⁴⁸⁹ C.M. Information and the Homlyn Group share office space in Los Angeles.⁴⁹⁰

⁴⁸⁴ DOS 013137.

⁴⁸⁵ Id.

⁴⁸⁶ DOS 013158.

⁴⁸⁷ JCH13178 and JCH13181.

⁴⁸⁸ JCH13179.

⁴⁸⁹ JCH13179. *See also*, JCH13182.

⁴⁹⁰ Investigation by Committee staff on January 23, 1998.

The Homlyn Group authorized the issuance of 100,000 shares of stock at \$1,000 per share.⁴⁹¹ Chung received 1,000 shares.⁴⁹² Homko International Finance (Holdings), Ltd. purchased 60,000 shares.⁴⁹³ Yen Su, Huan-Lian Tung and Yu-Bao Chiang purchased 1,000 shares each.⁴⁹⁴ A business card produced by Johnny Chung identifies Jing Wei Li as Chairman of the Homko Group.⁴⁹⁵

Records obtained by the Committee include a letter from Don Fowler inviting Jing Wei Li of Homko to attend the Democratic National Convention.⁴⁹⁶

On March 10, 1997, Johnny Chung wrote to Jing Wei Li resigning his position as Vice President and Director of the Homlyn Group.⁴⁹⁷ In another letter to Shi Jin Yiu dated the same day, Chung resigned his position of Director and Vice President of C.M. Information.⁴⁹⁸

Chun Fat Leung, Z.F. Fortune, Inc. and Education Secretary Richard Riley

Johnny Chung formed a company called Z.F. Fortune, Inc. with a Chinese national named Chun Fat Leung. Chung brought Leung to a DNC fund-raiser and attempted to secure a meeting with Education Secretary Richard Riley.

Chun-Fat Leung is the Chairman of the Zhen Fa Group.⁴⁹⁹ On June 3, 1996, Zhen Fa wired \$101,985 from Hong Kong to Chung's company, AISI.⁵⁰⁰ On June 10, 1996, Chung brought Leung and his wife to a DNC fund-raiser at the Los Angeles home of Edie and Lew Wasserman.⁵⁰¹ FEC records indicate that Chung made a \$20,000 contribution to the DNC at that time.⁵⁰² Records produced by the DNC include letters from Kimberly Ray, DNC Southern

⁴⁹¹ JCH13180-82.

⁴⁹² JCH13181 and JCH 13187. *See generally*, materials relating to Homlyn's incorporation, JCH13183-88.

⁴⁹³ Id.

⁴⁹⁴ Id.

⁴⁹⁵ JCH14318.

⁴⁹⁶ DOS 013143.

⁴⁹⁷ JCH15039.

⁴⁹⁸ JCH15042.

⁴⁹⁹ JCH12202. *See also*, JCH14320 and JCH14331 (business cards from Zhen Fa Group).

⁵⁰⁰ N0218.

⁵⁰¹ JCH12203.

⁵⁰² FEC Internet Records - www.tray.com/fecinfo/.

California Finance Director, to Leung “c/o Johnny Chung” at Chung’s Torrance, California address.⁵⁰³

On June 11, 1996, immediately following the fundraiser, Chung’s assistant, Irene Wu, wrote to Education Secretary Richard Riley’s assistant, Sandy Rinck.⁵⁰⁴ The letter said, “Per our conversation, I am sending you the biography of Mr. Leung and a list of names who will be meeting with Secretary Riley.”⁵⁰⁵

On June 12, 1996, Chung wrote a letter to Sandy Rinck as follows:

“I want to inform you of a misunderstanding between Ms. Rita Lewis of the DSCC and I. Since I became the #1 contributor [to] the DNC in 1995, I get a lot of calls from everyone for donations. But as much as I tried my best, I can not satisfy everyone. ... I believe [Mr. Leung] deserves the honor of meeting with our Secretary Riley.

*Other than the DNC, I am also trying my best to support the DSCC whenever I can but sometimes it’s quite difficult. I hope you understand and will not let other issues come between our relationship. I am totally committed to the Democratic Party and to our president.”*⁵⁰⁶

On June 19, 1996, DNC Southern California Finance Director Kimberly D. Ray wrote the following letter to Johnny Chung. She sent identical letters to Chun-Fat Leung and his assistant, S.B. Fu “care-of” Johnny Chung.

“Thank you for your help in making the event at Edie and Lew Wasserman’s home such a success. President Clinton truly appreciated you coming out and showing your support for the Administration and the Democratic National Committee.

⁵⁰³ DNC 1915241. *See also*, DNC 1915193; DNC 1915211.

⁵⁰⁴ JCH12202.

⁵⁰⁵ Id. Note: Documents produced by Chung did not include Chun Fat Leung’s biography, referred to in Irene Wu’s letter.

⁵⁰⁶ JCH12203.

Your assistance will contribute greatly to our efforts to reelect the President and Vice President, take back control of Congress, and elect Democrats in California and nationwide.

*Again, thank you for your participation. If you have any questions, please call me at: 310-445-6825. I look forward to working with you during the coming months.”*⁵⁰⁷

On June 21, 1996, Chung and Leung formed “Z.F. Fortune, Inc.”⁵⁰⁸ Records indicate that the corporation engages in “international trade.”⁵⁰⁹ One hundred thousand shares of stock were issued at \$1 per share.⁵¹⁰ Chung received 40,000 shares.⁵¹¹ Chun Fat Leung received 60,000 shares.⁵¹² Chun Chau and Shu Bai Fu are listed in AISI documents as Secretary and Treasurer, respectively, of ZF Fortune.⁵¹³

This was not Chung’s first contact with Secretary Riley. In a May 1, 1995 letter to the Secretary, Chung recalls meeting him at the DNC fund-raiser at Steven Spielberg’s home in Los Angeles.⁵¹⁴ In the letter, Chung said, “I met with Vice Premier Lee and with your permission, I have invited him to visit the U.S.”⁵¹⁵

On May, 26, 1995, Riley wrote two letters: one to Chung and one to Zhu Kaixuan, Minister of China’s Education Commission in Beijing.⁵¹⁶ Riley thanked Chung for visiting him and for an “ornate knife” that Chung gave him.⁵¹⁷ He enclosed a copy of his letter to Zhu, which declined an invitation to visit China, instead inviting Zhu to visit Washington.⁵¹⁸

⁵⁰⁷ DNC1915193, DNC1915211, DNC1915241.

⁵⁰⁸ JCH13301, JCH13306. *See also*, JCH13299-13333 (Z.F. Fortune corporate records).

⁵⁰⁹ JCH13301, JCH13331.

⁵¹⁰ JCH13305-6.

⁵¹¹ JCH13302, JCH13306.

⁵¹² JCH13303, JCH13306.

⁵¹³ *Id.*

⁵¹⁴ Refer to the section of this report that discusses Yi Chen Liu (JCH13073).

See also, the portion of this report pertaining to Yi Chen Liu.

⁵¹⁵ *Id.*

⁵¹⁶ JCH12189 - 90.

⁵¹⁷ *Id.*

⁵¹⁸ *Id.*

Chung also requested but failed to get a meeting with Riley for Sheng Huaren of China Petrochemical.⁵¹⁹

⁵¹⁹ JCH13055. *See also*, the portion of this report pertaining to China Petrochemical.

Conclusions:

1. Immigration Fraud:

The Committee views with great concern the ease with which Johnny Chung was able to manipulate the system to obtain visas for foreign nationals. In 1995 and 1996, Chung formed seven companies in Los Angeles with seven Chinese nationals.⁵²⁰ All of them attended DNC and Clinton/Gore fundraisers with Chung at which the President made appearances. Most of them sent Chung large sums of money.

The testimony of Irene Wu, Chung's top assistant, indicates clearly that these companies were set up for fraudulent purposes. According to Ms. Wu, the companies were never intended to do business, they were front companies designed to enable Chinese nationals to obtain visas to come to the United States.⁵²¹ The lack of financial activity reflected in the bank records of these companies, along with invitation letters from Chung delivered to U.S. consulates in China to obtain visas, support this testimony. Furthermore, Wu suggested that some of Chung's associates may have hoped to gain permanent residence in the United States through these companies.⁵²²

The thread that connects all of Chung's Chinese associates is that they all came to the United States to attend high-profile political fundraisers and meet with senior government officials — including the President. The fact that Johnny Chung could bring a Lt. Colonel in the People's Liberation Army and a senior aerospace executive like Liu Chao-Ying to the United States to attend a major DNC fundraiser without anyone knowing her identity is troublesome. The fact that Chung could bring her to meetings with government officials such as Senator Kerry and officials at the Securities and Exchange Commission without anyone knowing her identity is disturbing.

When asked by the Washington Post about Chung's scheme, Immigration and Naturalization Service spokesman Russ Bergeron identified this area as a "growing fraud," involving "all kinds of scams."⁵²³ Bergeron identified such fraudulent practices as using bogus business cards, letterheads for nonexistent companies, phony tax returns and fake photos of business locations.⁵²⁴ When we find such practices being employed by the well-connected

⁵²⁰ Sino-American Development Corp., Yuangao International, C.M. Information, Z.F. Fortune, C.L. International, The Homlyn Group and Marswell International.

⁵²¹ Deposition of Irene Wu, Pgs. 228-229.

⁵²² Id., Pg. 220.

⁵²³ Lardner, George, "Fund-Raiser Set Up Fake Firms for Chinese," Washington Post, September 21, 1998.

⁵²⁴ Id.

offspring of senior Chinese generals, possibly with an eye to gaining a U.S. green card, it becomes clear that this is an area that demands further scrutiny by Congress and the executive branch.

2. Foreign Money for Contributions:

The documentary evidence accumulated to date supports the conclusion that, on at least four occasions, Chung received large sums of money from his associates overseas and used that money to make political contributions for DNC fundraisers. In each of these four instances, he then took those associates to the fundraisers, or in the first instance, a meeting with the President.

The Radio Address:

On March 6, 1995, Chung received a \$150,000 wire transfer from the Haomen Group of China.⁵²⁵ At the time, the balance in Chung's account was only \$9,860.⁵²⁶ On March 9, Chung made a \$50,000 contribution to the DNC from the same bank account.⁵²⁷ On March 11, Chung escorted the son of the Haomen Group, David Chen, along with a number of Chinese dignitaries, to the President's Radio Address, for which the \$50,000 contribution paved the way.

The Spielberg Fundraiser

On April 8, 1995, George Liu, Chung's business associate from Taiwan, wrote Chung a check for \$100,000.⁵²⁸ At the time, the balance in Chung's account was \$45,971.⁵²⁹ That same day, from the same account, Chung wrote a check to the DNC for \$125,000.⁵³⁰ That evening, Chung and Liu attended the DNC fundraiser at Steven Spielberg's home.⁵³¹ This contribution paved the way for Chung to secure the photos of the President with the "China delegation" from the March 10 radio address.⁵³²

Chun Fat Leung

⁵²⁵ Wire Transfer, Deposition of Irene Wu, Exhibit 65.

⁵²⁶ JCH16554

⁵²⁷ JCH796 & 797

⁵²⁸ N 0209.

⁵²⁹ JCH16547.

⁵³⁰ JCH794-795.

⁵³¹ JCH13699.

⁵³² JCH464, JCH465.

On June 3, 1996, Chung received a \$102,000 wire transfer from the Zhen Fa group in Hong Kong.⁵³³ Zhen Fa is owned by a Chinese national named Chun Fat Leung. On June 10, Chung escorted Chun Fat Leung to a DNC fundraiser at the California home of Lew and Edie Wasserman.⁵³⁴ On June 14, Chung wrote a \$20,000 check to the DNC.⁵³⁵

Liu Chao-Ying

According to the *New York Times*, Chung received \$300,000 from China Aerospace executive Liu Chao-Ying in the summer of 1996.⁵³⁶ Chung reportedly has told the Justice Department that he donated up to \$80,000 of those funds to the DNC.⁵³⁷ Chung's bank records tend to corroborate these statements. On July 15, 1996, Chung received a \$190,000 wire transfer from Hong Kong.⁵³⁸ Prior to receiving this money, his account had a balance of only \$5,720.⁵³⁹ On July 18, Chung escorted Liu Chao-Ying to a high-dollar DNC fundraiser at the Los Angeles home of Eli Broad.⁵⁴⁰ On July 19, the next day, he wrote two checks to the DNC totaling \$45,000.⁵⁴¹

3. The DNC's Knowledge:

On July 2, 1998 DNC spokesman Rick Hess told the Washington Post, "at the time (October 1995) the DNC had no reason to suspect Mr. Chung or the source of his funds."⁵⁴² Such claims should be taken with a healthy dose of skepticism.

Richard Sullivan, the DNC's Finance Director, has said consistently that he had doubts about the sources of Chung's contributions as early as February 1995.⁵⁴³ In his Senate deposition, he clearly stated:

⁵³³ N0218.

⁵³⁴ JCH12203.

⁵³⁵ FEC Internet Records - www.tray.com/fecinfo/.

⁵³⁶ Gerth, David, David Johnston, and Don Van Natta, "Democrat Fund-Raiser Said to Detail China Tie," *The New York Times*, May 15, 1998.

⁵³⁷ Id.

⁵³⁸ N0220.

⁵³⁹ JCH16327.

⁵⁴⁰ JCH15017.

⁵⁴¹ JCH16303, JCH16306.

⁵⁴² Lardner, George, "Chung Secured Treasury Meeting for Chinese Petrochemical Firm," Washington Post, July 2, 1998.

⁵⁴³ Sullivan Depo. (Senate), Pgs. 228-229, Sullivan Depo. (House), Pg. 186.

“I think he had contributed about \$100,000 to that point over the past year, and the fact that — him showing up with these five people from China ... I had a sense that he might be taking money from them and then giving it to us, you know.”⁵⁴⁴

Sullivan said that he suggested to DNC Chairman Don Fowler that they review Chung’s contributions, though Fowler denies this happened.⁵⁴⁵ Did Sullivan have reason to be concerned? A letter Sullivan received from Chung in December 1994 suggests that he did. In the letter, Chung is seeking Sullivan’s help in getting the Chairman of the Haomen Group, Shi Zeng Chen, into the White House. In the letter, Chung is fairly blunt:

“He (Shi Zeng Chen) will play an important role in our future party functions.”⁵⁴⁶

Despite Sullivan’s doubts, the DNC went on to accept another \$225,000 in contributions from Chung.⁵⁴⁷ In October of 1995, DNC documents show that Sullivan faxed a letter to the Treasury Department seeking a meeting for Chung and his Chinese associates from the China Petrochemical Company.⁵⁴⁸

Did Fowler have any reason to suspect that Chung was funneling Chinese money to the DNC? He met frequently with Chung’s Chinese guests. His correspondence is instructive:

- In April 1995, Chung wrote to Fowler, telling that him the National Security Council was holding onto the pictures of his “China delegation” and the President, and pleading for help to get the pictures released: “I am going to China next week and I do need to bring those pictures with me. I have run out of excuses to tell them why the pictures are taking forever.”⁵⁴⁹
- In July 1995, Fowler wrote to Chung and said, “Best of luck on your trip to China. I enjoyed meeting your friend who is the wife of the Chief of Staff of the Chinese Army.”⁵⁵⁰

⁵⁴⁴ Sullivan Depo. (Senate), Pgs. 228-229.

⁵⁴⁵ Lardner, George, “Chung Secured Treasury Meeting for Chinese Petrochemical Firm,” Washington Post, July 2, 1998.

⁵⁴⁶ DNC 3233321.

⁵⁴⁷ FEC Internet Records - www.tray.com/fecinfo/.

⁵⁴⁸ Treasury 00000167-168.

⁵⁴⁹ DNC 3102463.

⁵⁵⁰ DNC 3102487.

- In September 1995, Fowler wrote to China Petrochemical's Huaren Sheng in Beijing, at Johnny Chung's request, to invite him to come to a meeting at the DNC. He went on to write to the Secretaries of Energy and Treasury to ask them to meet with Chung and Sheng.
- In August 1996, Fowler wrote to Chung's associate Jing Wei Li at the Homko Group in Hong Kong to invite him to the Democratic Convention. The letter had to be addressed "via facsimile,"⁵⁵¹ because there was no U.S. address.

Fowler's assistants were instrumental in getting Chung and his "China delegation" into the President's radio address.⁵⁵² Chung showed up at two high-profile Democratic fundraisers in 1995 and 1996 with large delegations of Chinese national guests.⁵⁵³

If DNC officials did not suspect that Chung's money was coming from China, it is only because they were looking the other way. The aggressive solicitation of Chung by the DNC makes it clear that they were intent on raising as much money as possible without looking too carefully at where it was coming from. A November 10, 1995 memo from the DNC's Ari Swiller, asking Fowler to call Chung, captures the hard sell tactics used by DNC employees, and to which Chung apparently responded:

"Johnny committed to contribute \$75,000 to the DNC reception in Los Angeles on September 21. He has still not sent his contribution. Tell him if he does not complete his commitment ASAP bad things will happen."⁵⁵⁴

⁵⁵¹ DOS 013143.

⁵⁵² Fowler Senate Governmental Affairs testimony, September 9, 1997, p. 209.

⁵⁵³ The September 21, 1995 Century City dinner, and the July 18, 1996 fundraiser at the home of Eli Broad.

⁵⁵⁴ DNC 3353903.